



Green Eight Review of the EU Sustainable Development Strategy

What happened to the 80 commitments?



AUGUST 2004

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A joint document from the Green Eight:

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European Environmental Bureau (EEB)

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Introduction

In this period in history, the political climate is not very favourable to the changes required for sustainable development. At the time of the publication of the European Commission's Communication '*A Sustainable Europe for a Better World*' (May 2001) political ambitions were higher than nowadays. Nevertheless, the urgency to act has not decreased but increased, as trends on environmental burdens and impacts are for the large part still negative, despite several decades of environmental policy-making.

In the past years, we have seen a pattern emerging of promoting sustainable strategies and policies in theory, while afterwards sectoral and/or national interests in the Commission and Councils prevent proper implementation. This is a governance issue as much as an environmental problem and is a major barrier to achieving our goals. But even proper, comprehensive, monitoring of all commitments was not done.

In this review the *Green Eight*, with help of sister¹ and member organisations, presents an evaluation of what has happened to the commitments the Commission made in the EU's sustainable development strategy (SDS). The *Green Eight* has repeatedly called for comprehensive overviews of all objectives, as a background for the yearly Spring Summits, but although this was a commitment under the SDS, it has never happened.

The European Commission obliged itself to "comprehensively review" the Strategy "at the start of each new Commission's term of office. However, it had internal disagreements about how much the incoming Commission should be helped. In the end a public consultation will be held in September and October, on the basis of a paper not seen yet by the *Green Eight*, but which is not likely to show much of what the Commission services themselves think about their performance in the last three years. **The *Green Eight* disagrees with this lack of commitment and calls upon the Commission to work during these months, in combination with, and using, the public consultation, towards such a comprehensive review.**

By the end of 2004, the new Commission will have to draw conclusions from the consultation and the comprehensive review, if available. **For the *Green Eight* it is essential that the new Commission commits itself to this Strategy and to the improvement and speeding up of its implementation.**

In this review, the *Green Eight* takes the Commission Communication '*A Sustainable Europe for a Better World*', of May 2001, as the basis. We quoting directly from the titles of its chapters and the 80 commitments we found there.

¹ BEUC (European Bureau of Consumers Unions), Platform of European Social NGOs, (European Public Health Alliance) and EEN (EPA Environment Network).

In our review we looked at:

- whether the Commission received the political support of the Member States for its proposals, in Göteborg in June 2001, or later
- whether the Commission has taken action to implement its proposals
- the quality of such action

It is clear that in such an assessment many other documents needed to be looked at, starting with the Conclusions of the European Council meeting in Göteborg, in June 2001. That Summit endorsed part of the Commission's proposals and called upon the Council to look into the others made.

Chapter I of the Commission's document is added as an Annex as it gives the overall vision and ambition of the Commission, as a reminder to those that wish to withdraw from earlier ambitions.

On behalf of the *Green Eight*,

John Hontelez

Secretary General, European Environmental Bureau

Conclusions

On the basis of this assessment, the *Green Eight* draws the following conclusions about the state of implementation of the Sustainable Development Strategy (SDS).

- The Sustainable Development Strategy as an agenda for real change is not being maintained. We do not see a consistent and comprehensive approach towards sustainable development inside the Commission, we do not see permanent coordination and monitoring of progress at any level.
- All in all, the SDS as presented in May 2001 has had very little real impact on the environment yet. In a way this is logical, as processes take time before they deliver real changes on the ground. However, our assessment shows that in many areas the necessary processes have not been put into place or have been weakened.
- In some areas, which have their own dynamics, we have seen progress in the past two and a half years, in agriculture and in some elements of the climate policy (the ratification of the Kyoto Protocol, emission trading).
- With regard to transport, the Commission has completely failed to show any commitment to its own Strategy. The framework for pricing of transport, so that different modes would reflect their costs to society, which was also demanded by the European Council, has not been developed.
- With regard to REACH, the Göteborg Summit probably helped to get commitment from the European Council, but it did not guarantee a smooth and ambitious process since then. A reactionary campaign from European industry federations has dominated the scene so far, with a prominent reflection in the views of several Member States.
- In other areas where proposals were in the pipeline, the existence of the Strategy had little influence: the energy products taxation directive, fisheries, public procurement, environmental liability. These instruments proved to be weak, and the internal market and competitiveness arguments strong, as compared with the environmental ones. In the first two cases, the blame is clearly with Member States: in the two last cases the Commission showed a disappointing resistance to using these instruments for promoting (environmentally sound) sustainable development.
- With regards to the famous 'getting the prices right' objective, we see very little progress. We know that the Member States are reluctant to make meaningful steps in practice, but we need the Commission to continue to fight for it, relentlessly, because there is no alternative. So we need bold initiatives for environmental tax reform, for removal of national and European subsidies that are harmful to the environment, and an improved environmental liability directive that is truly 'strict' and would therefore work as a financial prevention tool.

- With regards to the objective to '*halt biodiversity decline by 2010*', the agricultural reforms of summer 2003 were an important step in the right direction. These reforms must now be implemented effectively by the Member States, particularly provisions on cross compliance and decoupling subsidies from production. Further action is needed to ensure the full implementation of the Birds and Habitats Directives and the effective management of the Natura 2000 network. In particular, sufficient funds must be allocated to measures that assist nature conservation, including Natura 2000, in the next financial perspectives, 2007-2013.
- Regarding Regional Policy, the draft of the new regulation presented through the 3rd Report for Social and Economic Cohesion presents a vague reference to Sustainable Development. The Strategy is not mentioned in the draft nor are the goals of the Strategy shaping and defining the objectives of future Regional Funding Policies after 2006.
- With regards to EU external policies, there is no lack of expressions of political goodwill, but a systematic approach towards preventing negative impacts of EU policies on developing countries is missing, which is particularly negative in the areas of trade and agriculture policies.
- The *Green Eight* is convinced that lack of progress is often due to a lack of solid, robust obligations and commitments. The Kyoto Protocol is a powerful example of what a legally binding reduction target, combined with a meaningful timetable, can do with our societies. We need a strong legally binding framework for the SDS.
- The Commission has not established yet a reliable consistent methodology to integrate sustainable development requirements in all its policies. The 'sustainability impact assessment' lost its first word on its way to elaboration. The experience of 2003 does not give confidence that this tool will drive EU policy-making in the right direction. Quite the opposite. There is a real risk that for the environment it will act as a Trojan horse. Instead of ensuring that environmental (and social) requirements are systematically introduced into the decision-making of proposals oriented to economic development, it seems that it will work more to limit the scope for environmental proposals in the light of possible economic impacts.
- With regard to stimulating industry to be a partner in the process, we have not seen many impressive initiatives. The Multi-Stakeholder Forum on Corporate Social Responsibility was dominated by industry federations who saw this as a place for exchange of best practice only, and a vehicle for prevention of legislative or financial action from the side of the public authorities. And an important element for a proactive industry, being a strong principle of substitution, has been removed from the REACH proposal.

- There is no organised process that involves stakeholders in a meaningful way, except for ineffective events in the EESC. The “Roundtable” led by Mr Strauss-Kahn delivered an interesting report, but seems to have landed in the Commission’s waste-bin immediately.
- The Commission has not done anything against the overtaking of the Lisbon Process and its one-dimensional focus on competitiveness. It is actively contributing to the marginalisation of the Sustainable Development Strategy, illustrated, for example, by the omission of structural indicators for crucial environmental topics for the Spring Report.

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- The *Green Eight* insists on a serious review of the SDS, leading to conclusions that the present European Commission can officially present to the President and Members of the new Commission in autumn 2004. So, in parallel and combination with the stakeholder consultation in September and October, the Commission should continue its own work on such a review.
- The *Green Eight* insists that this Commission recommend the future Commission to endorse the Strategy and speed up its implementation, with an annual, honest, assessment of progress, with a separate reporting to the annual Spring Summits.
- The *Green Eight* urges the Commission to integrate the SDS in its main policies such as transport, energy and agricultural and regional policies and to make those policies a powerful instrument to achieve the goals of the SDS.
- The *Green Eight* calls for a review which focuses on, in particular:
 - good governance and reliable, consistent policies which are legally binding and thus execute the basis of the SDS (SDS, page 2) being that: *‘clear, stable, long-term objectives will shape expectations and create the conditions in which businesses have the confidence to invest in innovative solutions, and to create new, high-quality jobs’.*
 - the strengthening of the environmental dimension in the Lisbon process, which is especially needed for ‘making the market work for the environment’ and ‘getting the prices right: environmental fiscal reform, subsidy reform’, green public procurement and other tools that reward environmentally-sound behaviour of economic actors and penalize the opposite.
 - getting to grips with the mobility problem, with a high priority for the internalisation of external costs and planning for sustainable transport. Proposals for privatisation and liberalisation should be consistent with sustainable development objectives.

- ❑ a consistent policy to reach the 2010 target of halting the decline of biodiversity.
- ❑ introducing systematically instruments of prevention into our societies, including an improved REACH.
- ❑ full implementation of sustainable resource management in agriculture, forestry, fisheries, cohesion policies, and a factor 4 to 10 reduction for the use of non-renewable resources in our societies for the next 40 years.
- ❑ a systematic environmental sustainability focus in EU's trade policies.
- ❑ a Sustainability Impact Assessment procedure with binding environmental requirements.
- ❑ full implementation of '*a major reorientation of public and private investment towards new, environmentally friendly technologies*' (SDS, page 2), taking into account the proposals made by EEB (with the European Federation for Transport and the Environment) together with ETUC and Social Platform, in their *Manifesto for Sustainable Investment: Investing for a Sustainable Future* (see Annex).

Scorecard

Below we have listed all the 80 commitments and objectives mentioned in the Commission's Sustainable Development Strategy of May 2001 in the same order as found in the original document, but with our numbers. We give a rating as to the progress achieved so far, using the following scorecard as basis for a final score on three aspects of each commitment:

Supported by Council	Action Taken	Quality of policy actions

We have refrained from assessing concrete impacts on the environment because even if actions are good, it is really too early to say what the full impacts will be.

COMPREHENSIVE REVIEW NEEDED!

It was not possible for us to evaluate each element in depth and we do not present this as a complete assessment. We hope though that this limited evaluation will inspire the Commission and other stakeholders in this process to improve and supplement this document, resulting in an honest and comprehensive review which will form the basis for better and more convincing implementation of the Strategy.

Evaluation of progress made on the targets, objectives and action commitments

as presented by the European Commission in 'Commission Communication on the EU Sustainable Development Strategy May 2001'

General objectives

1. *A major reorientation of public and private investment towards new, environmentally-friendly technologies.*

Supported by Council	Action Taken	Quality of policy actions
No	No	N/A

We have seen no efforts to promote this 'major reorientation'. Even nowadays, the prejudice is still widespread that environmentally-friendly technology is more costly and a threat for competitiveness. On the other hand, the European Council did call for action to promote environmental technologies, receiving such a plan from the Commission in early 2004 and welcomed it at the March 2004 meeting.

The Action Plan for Environmental Technologies (ETAP) gives a useful overview of the necessary action to use such technologies on a massive scale. ETAP outlines a number of action points focused on creating supply and demand. However, concrete actions have been postponed until the presentation of further communications. These include the setting of standards and performance targets, removal of counter-productive subsidies, public procurement and other financial instruments to 'get the prices right'. Therefore, this ETAP itself is of little value, because the real challenges have been postponed till later.

2. *Institutional reform, and changes in corporate and consumer behaviour.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Unclear	Unclear

This objective is not very precise. We have seen some institutional reform but usually not with the particular aim of sustainable development. Some attempts have been made to improve policy coherence and impact assessment (see below). We see no signs of any significant change in corporate and consumer behaviour, at least not in the direction of sustainable development, nor guided by sustainable development policy measures.

The Commission did initiate a Corporate Social Responsibility Multi-stakeholder Forum in 2002. The Communication that preceded this did put this initiative into the framework of Sustainable Development, but the environmental dimension was initially not given much attention. It took some effort to convince the Commission of the need to include a representative from environmental organisations into the Steering Committee of the Forum, and to include more 'environment' in its objectives. The Forum has been characterised by a consistent strategy from the representatives of business and industry to prevent any meaningful outcome beyond the exchange of best practice. Therefore this exercise will have very little impact and might even turn out to have a negative impact, acting as an excuse against actions that provide stronger incentives and more accountability. The Forum ended with disagreement between the NGOs and business and industry about the presentation of its results, as the employers' organisation did not want the criticism on the limitations from the NGOs to be reflected in the final report.

Essential activities to change corporate and consumer behaviour such as in promoting a major environmental fiscal reform have not been initiated so far. We are awaiting a Communication of the Commission on financial instruments.

3. *Clear, stable, long-term objectives will shape expectations and create the conditions in which businesses have the confidence to invest in innovative solutions, and to create new, high-quality jobs.*

Supported by Council	Action Taken	Quality of policy actions
No	No	N/A

We have not yet seen clear and stable long-term EU objectives that have had a guiding effect on many businesses. These long-term objectives should to a large extent be found in the thematic strategies. However, so far this has been a slow process, with no binding long-term targets included yet. In addition, there is too much discussion in relation to the need and importance of environmental policies, especially harmful when coming from the Commission itself, and especially harmful in relation to already agreed objectives. The confusion caused by Commissioner De Palacio in suggesting a move away from the Kyoto commitments was one such devastating example.

On the other hand, the 12% renewable energy target for 2010 is a positive example, but which refers to the medium-term rather than the longer term and runs the risk of not being implemented in time.

Improve policy coherence

4. *All policies must have sustainable development as their core concern. In particular, forthcoming reviews of Common Policies must look at how they can contribute more positively to sustainable development.*

Supported by Council	Action Taken	Quality of policy actions
Yes	No	N/A

Although, through the application of impact assessment, in theory more attention will be paid to sustainable development, we see no trend that sustainable development is a core concern of all policies. On the contrary, the recent trend has been to see competitiveness as a core concern and give less priority to environmental concerns.

5. *The mid-term review of the Common Agricultural Policy in 2002 should reward quality rather than quantity by, for example, encouraging the organic sector and other environmentally-friendly farming methods and a further shift of resources from market support to rural development.*

Supported by Council	Action Taken	Quality of policy actions
Partially	Partially	Unclear

This objective was clearly supported by the Göteborg Summit and gave a positive push for the mid-term reform of the CAP. The Council of Ministers substantially weakened the proposals from the Commission (published in July 2002), and in June 2003 a package was agreed that was a step in the right direction, but not as ambitious as it could have been.

The *Green Eight* welcomed that compulsory cross-compliance was introduced. However, the requirements are not complete and do not make, for instance, any reference to pesticides.

Direct payments over 5000 will be subject to cuts (modulation) of 3% in 2005, 4% in 2006 and 5% in 2007-13 and the money raised will be made available for rural development. This will bring an extra 1.2 billion to the rural development budget. However the *Green Eight* thinks that this increase is not sufficient. (The first proposal of the Commission in 2002 suggested a modulation of 20%.)

New rural development measures were introduced, for instance temporary support for complying with forthcoming EU standards, food quality measures and animal welfare measures. The aid for farmers in facing environmental restrictions e.g. in Natura 2000 areas, was increased and co-financing rates for agri-environmental measures were also increased. The effect of these measures is however limited due to the limited rural development budget

Much of the success of the Mid-Term Review will depend on how Member States are going to implement the reform. Member States have to report to the Commission by August 2004 on how they will implement the single farm payment.

Most of the direct payments will in future be decoupled from production and a single farm payment (SFP) will be introduced. While this will reduce some of the incentive to intensify production (farmers will no longer get more subsidies by increasing their output), this could have negative effects on low-intensity traditional farming systems in remote areas which depend on public subsidies for their survival and where production costs are high. These farmers will be better off ceasing farming, with negative consequences for much of Europe's natural heritage which depends on these 'high nature value' farming systems.

Member States can opt for regional implementation of the SFP, i.e. redistribute subsidies so that every farmer in the same region will receive the same subsidy per hectare. (A few Member States, among them Germany, are considering this option.)

Member States can also calculate the SFP according to a reference period of 2000-2002. This would fossilise current patterns of payments which favour the most intensive farmers.

Member States also have the option to use 'national envelopes' of up to 10% of decoupled payments to provide support for, for example, environmentally-sensitive farming systems.

A weakness of the new proposals is that they do not directly encourage organic and other environmentally friendly methods. However, the reform does offer some opportunities that can be used. An action plan on organic food and farming is on its way. If it is without a budget (as expected) and without clear targets, it will have a limited impact only.

6. *The Common Fisheries Policy should promote the sustainable management of fish stocks in the EU and internationally, while securing the long-term viability of the EU fishing industry and protecting marine ecosystems.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Partially	Poor

On paper the CFP does contain many positive measures to establish sustainable fisheries, although the arrangements to enhance capacity reduction (key problem in over-fishing) are flawed, leaving it to market forces (helped by long-term management plans).

The Fisheries Council was divided and could not support the much stronger first proposal by the Commission, but did support a reasonable compromise in the end. One compromise related to the Commission proposal for the Council to fix rules on how to set total allowable catches (TACs) and quota and then leave the annual application of those rules to the Commission. Instead the Council insisted on continuing setting annual TACs themselves. Weakening measures of inspection and penalties, and reducing the importance of the management tool of effort reduction were other elements of the compromise. The regulations that have been established since have been generally weak, as the fisheries council continues business as usual with annual horse-trading over quota and pressure for higher TACs. Especially, the establishment of the cod recovery plan showed that the Council still had not changed its attitude and way of working, and was not prepared to take firm and timely measures but rather kept delaying firm decisions until it was too late, disregarding advice from scientists and the Commission.

7. *The Common Transport Policy should tackle rising levels of congestion and pollution and encourage use of more environmentally-friendly modes of transport.*

Supported by Council	Action Taken	Quality of policy actions
Yes	No	N/A

The Common Transport Policy came out in September 2001. It was very weak, particularly on environmental issues. The Belgian Presidency held an informal Transport/Environment Council just after the CTP White Paper was released. The Presidency conclusions from that council were that measures going significantly beyond the CTP White Paper would be needed for transport to move towards sustainability. The formal Council was more careful but also expected further action from the Commission. The Commission however completely failed on this point from then on. See for example points 10/11.

8. *The Cohesion Policies need to improve their targeting of the least developed regions and those with the most acute structural problems - such as urban decay and the decline of the rural economy - and the groups in society most vulnerable to persistent social exclusion.*

Supported by the Council	Action taken	Quality of the policy actions
Yes	Yes	Bias for economic solutions

The Structural and Cohesion Funds, and the Community Initiatives, aim to reduce social and economic disparities between and within Member States. However, more needs to be done to focus spending on sustainable development solutions, including contributing to environment and biodiversity targets. The Funds should be more accessible to community organisations that are often better placed to understand the problems and that represent groups in Society most vulnerable to social exclusion.

The test of the Commission's commitment to using the Structural Funds to achieve the objectives of the EU SDS will be in its drafting of the new Regulations on the Structural and Cohesion Funds, and the proposed EU Strategic Orientation Document for these funds. It is vital that the regulations and the Europe's cohesion policy road map build on the principle of protection and improvement of the environment written into the current general regulation EC/1260/1999. Sufficient clear provisions should be included in the draft regulations for provision of Natura 2000 financing.

9. *The Commission will submit an action plan to improve regulation to the Laeken European Council in December 2001. This will include mechanisms to ensure that all major legislative proposals include an assessment of the potential economic, environmental and social benefits and costs of action or lack of action, both inside and outside the EU. The Council and Parliament should amend legislative proposals in the same spirit.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

The Göteborg Summit welcomed the action taken but expanded the scope to 'all major policy proposals'. A Communication on Impact Assessment by the Commission was welcomed by the 2002 Sevilla Summit. In this proposal, the original objective to promote sustainability was combined with the drive for 'better regulation', which is often interpreted as less regulation and business-oriented cost-benefit analysis. At the end of 2002, the Commission finalized internal guidelines for implementing such assessments. 2003 was chosen as the pilot year, and was approved by the Commission and implemented in a number of pilot projects where the methodology

was tested. Where the Göteborg Summit referred to ‘sustainability impact assessment’, the first word had been missed out. Sometimes we also see reference to this as ‘regulatory impact assessment’. Nevertheless ‘sustainability’ and ‘better regulation’ are still mentioned in the guidelines as the main purposes. We are waiting for an internal review by the Commission itself.

The 2003 inter-institutional agreement requires the Council and Parliament to also make such assessments if they make amendments that could change the picture substantially.

The EEB has done an assessment of the IAs that were planned for 2003. Some findings on the process include:

- The Commission selected 43 out of 580 proposals for an IA, and some important ones were not included, such as the Communication on the Reform of State Aid Rules.
- By March 2004, only 16 IAs were completed, plus five others that were not in the original list (including REACH and the Energy TEN guidelines).
- Lack of transparency: it is difficult to find the documents. There is no central place on the EU websites. DG Environment performs best with having details on its homepage.
- Poor public participation, if at all. In some processes some consultation was organised, in others it was done within the services. EEB protested against the way DG Agriculture organised the process on the IA on Sugar policy (one of the best IAs in the end) and insisted that it should follow the guidelines on consultation that the Commission agreed in December 2002.
- Stakeholders are sometimes used as ‘political tools’ by Commission to justify their proposals (e.g. Tobacco extended impact assessment). Acts as disincentive for future stakeholder participation.
- While the comment is always made that assessments are just an information tool that should not determine policy-making, in reality one can see that such assessments play a very important role in the debate. The most clear example is the demands on further impact assessments of REACH. It will become politically very difficult to take decisions where IAs try to show that the benefits are less, in quantitative terms, than the costs.
- IA’s seems to be perceived as a ‘burden’ by most Commission officials, mainly due to a capacity and skill deficiency, hence instead of being an ‘aid to decision-making’ they become a hindrance.
- Variations in the importance given to each of the social, economic and environmental pillars are dependent on the DG responsible for carrying out the impact assessment. There is no consistency in ‘quality’ of the assessments.

With regard to the content, the EEB concludes:

- Sustainability is not an explicit motive for the IAs, as intended by the Strategy.
- None of the 2003 IAs followed the methodology the Commission had developed in 2002.
- Impact assessments are heavily focused on ‘economic impacts’ with little concern for direct and indirect environmental and social impacts. And this trends seems to get stronger and stronger, given the explicit demand for business impact assessments (e.g. REACH).

- The use of consultants' inputs is biased towards a particular stakeholder or sector (mostly industry and business) thus, however enriching, it obscures the relevance of the 'participatory' process of engaging stakeholders.
- There is a distinct 'quality' difference between legislative versus non-legislative proposals, whereby the first are better.

For the choice of IAs for 2004, the EEB has the following initial comments:

- 41 have been selected to undergo IA (a quarter of all proposals the Commission aims to work on in 2004), including six Directives, six Regulations, two Decisions and a mixture of Communications, Action plans and Strategies etc. These are predominantly non-legislative proposals, which raises questions about the expected level of concreteness.
- Sustainable development is still missing from the objective of IAs (e.g. Innovation Action Plan).
- Some important dossiers are left out (e.g. Integrated Strategy for Competitiveness; Follow-up Communication on EU Industrial Policy; Community Guidelines on State Aid for Rescuing and Restructuring firms in difficulty).
- Thematic Strategies are listed for IA. This might be quite difficult given their expected general nature. No sign of invitations for participation.
- Some stakeholder consultations are (still) on the policy proposal and not on the IA, e.g. IA on Rural Development Policy.
- Some improvements in presentation of IA reports, more in line with Commission's reporting guidelines (e.g. Action Plan on Innovation).

The *Green Eight* insists that the Commission includes in its SDS review a thorough assessment of the impact assessments it has developed so far, including whether it feels that environmental aspects have been taken properly into account, and whether DG Environment has been sufficiently involved in the process and the end product.

Getting prices right

- 10. Market reforms to get prices right can create new business opportunities to develop services and products that ease pressure on the environment and fulfil social and economic needs. Sometimes this means public money for services which would otherwise not be supplied, such as essential public services in sparsely populated areas. More often, the issue is one of removing subsidies that encourage wasteful use of natural resources, and putting a price on pollution.*
- 11. The Commission will give priority in its policy and legislative proposals to market-based approaches that provide price incentives, whenever these are likely to achieve social and environmental objectives in a flexible and cost-effective way.*

Supported by Council	Action Taken	Quality of policy actions
Partially	Yes	Poor

In the Conclusions of the Göteborg summit, one of the general objectives was getting the prices right, reflecting true costs and providing incentives for consumers and producers. The commitments under this heading are discussed in more depth below.

ENVIRONMENTALLY HARMFUL SUBSIDIES (EHS)

The phasing out of EHS has been identified as a priority for the EU. In 2000, the Commission published a Communication 'Bringing our needs and responsibilities together - Integrating environmental issues with economic policies' in which it clearly stated: *'Moreover, improving integration should be beneficial for both environmental and economic policy. 'Greening' fiscal policy, by removing subsidies to environmentally harmful activities for example, should enhance economic efficiency ... The improvement in economic efficiency can be accentuated if resources raised by environmentally-motivated taxes and charges and saved by the removal of environmentally-damaging subsidies are returned to the economy through cuts in other, inefficient taxes. A more efficient economy will be more competitive internationally, not less.'*

Removing EHS has been reaffirmed as a priority by the current 6th Environmental Action Programme. More concretely, the 6th EAP calls for *'undertaking an inventory and review of the energy subsidies in the Member States, with consideration to the compatibility with climate change objectives'*.

In January 2004, the Commission published a new communication 'Stimulating Technologies for Sustainable Development: An Environmental Technologies Action Plan for the European Union', that says: *'Environmentally-harmful subsidies can be a major barrier to the take-up of environmental technologies, distorting prices in favour of a more polluting, subsidised technology. Where these distortions occur, their removal should be considered, albeit taking into account their social and economic aspects. As recognised in the 6th Environment Action Programme, identifying environmentally harmful subsidies is a first step towards correcting prices and reducing subsidies' negative effects on the environment. The OECD will develop a framework to help identify and measure them by the end of 2004. In 2005, the Commission will work together with Member States and regional governments, using, as far as possible, this methodology, to identify the most significant subsidies that have a negative impact on the environment'*.

Positive points

- Overall, work is slow but ongoing.
- The inventory of public aids to energy sources was published by DG Transport in December 2002.
- The Commission is cooperating with the OECD, mainly via the EEA, on the subsidies database and work in general.

Negative points

- The Commission is not leading but rather reliant on the OECD's work. It is waiting for the OECD's results on its 'Subsidies Check-list' to take action.

- In the Communication on the Environmental Technologies Action Plan the Commission does not say if it will apply the check-list to its own subsidies (energy, R&D, structural funds, PAC, etc.).
- An important tool for getting prices right, Integrated Product Policy, that includes price incentive elements to promote eco-products (ecotaxes on polluting products, subsidies to eco-products, removal of EHS etc) is experiencing considerable delay. A Green Paper was published by the Commission in 2001, raising significant expectations. However, in 2003 a Communication watered down the initial project (notably by excluding the possibility of reducing VAT for eco-products) and marked a pause in the legislative development of IPP.

ENVIRONMENTAL TAXATION

We are a long way from the enthusiasm of the 1993 Delors White Paper for a tax shift from labour to environmental use, and of the ambitious 1992 CO₂ and energy tax, that failed to be adopted.

Positive points

- Since the SDS was adopted, the Ecofin Council agreed on a new energy taxation directive, in March 2003 (finally adopted on October 2003), nearly six years after the proposal was put forward by the Commission, in 1997. The Directive lays down an energy taxation framework including natural gas, electricity and coal for the coming ten years.
- One good point is that an agreement was eventually reached before the enlargement of the number of EU Member States. Another good point is that it allows bi-lateral agreements inside the EU for kerosene tax.

Negative points

- However, the Council has drastically watered down the original proposal of the Commission, in particular the minimum rates, and has added a huge list of rebate and exemption possibilities. As a result, with regards to mineral oils, the directive will do no more than merely correct the EU minimum rates agreed in 1992 for inflation, while very minimal rates are introduced for new products. Moreover, the text does not plan a review of the rates before 2012. No direct impact on environmental protection should be expected from this directive in the EU-15 (there may be some positive impact on resource use in some new Member States, particularly the Baltic states, that will have to significantly increase their tax rates, although very gradually, since they benefit from long transition periods).
- The only tax proposal currently on the table that has a link with the environment is the Diesel Tax proposal, that aims at harmonising the tax rates of professional diesel and at aligning the taxes of non-professional diesel to that of petrol. In September 2003, the Parliament issued a (non-binding) negative report on the proposal. Agreement in the Ecofin, ruled by the unanimity requirement, is set to be difficult.
- The tax rates put forward in this proposal are low and would not, in the medium term, have a significant impact on environment protection. Furthermore, in the name of EU harmonisation, countries with high tax on professional diesel would have to lower their rates in order to join the EU one.

Nevertheless, two interesting features of the Diesel Tax proposal are filling the tax gap between non-professional diesel and petrol, and price-indexing of the EU rate on professional diesel.

INFRASTRUCTURE CHARGING

The CTP White Paper announced that the Commission would present a framework Directive on Infrastructure Charging by 2002 on the basis of a methodological paper, followed by specific proposals for the individual modes. Instead of this, in July 2003 the Commission presented a proposal for distance-based charging of Heavy Goods Vehicles, better known as the 'Eurovignette Proposal'. This proposal had numerous flaws, of which the three most important were:

- Charging would be restricted to infrastructure and accident costs, which implies that charging for environmental costs would have been impossible.
- Member States should ask the Commission for permission to charge other roads than just the TEN network.
- Member States were forced to spend the revenues on transport.

In its First Reading in April 2004, the European Parliament effectively eliminated all three flaws, thereby bringing the proposal much closer to the actual purpose of environmental charging in general and road pricing in particular, namely balancing economic and environmental interests.

EMISSIONS TRADING

Of the two main market-based instruments, taxes and trading, progress was fastest for the EU emissions trading system (EU-ETS), adopted in 2003, just two years after it was put forward by the Commission. The first reason for this difference in speed is that tax issues require unanimity, while emissions trading was adopted by qualified majority.

Positive point

- The implementation of the system is progressing fast. Member States had to send their National Allocation Plan (NAP) to the Commission by 31 March. A lot of hope lies in the new system to help the EU achieve its Kyoto target.

Negative points

- However, the EU-ETS will be slow to deliver its first environmental results. From the National Allocation Plans submitted so far, it is clear that the first phase, 2005-07, will not deliver the desired emission cuts. Member States have overallocated to their industry, exploring the shortcomings of the Emissions Trading Directive., (caps on emissions are indicative rather than mandatory, etc). Member States are encouraged to design their National Allocation Plans with their Kyoto target as a reference for emission capping. But in the first NAPs, most governments have so far allowed some emission increases during the first phase.
- The first phase, 2005-07, will be a trial period. Furthermore, caps on emissions are indicative rather than mandatory. Member States are encouraged to design their National Allocation Plans with their Kyoto target as a reference for emission capping. But in the first NAPs, some governments actually allowed some emission increases during the first phase.
- Room for auctioning the emission allowances is very small: only 5% of the allowances in the first phase, and 10% in the second phase. Auctioning would have the advantages of putting an immediate price on emissions,

thus applying the polluter-pays principle, and starting effective trading. Only strong emission caps, reflecting the industry's share of the Kyoto targets or beyond, will make the EU-ETS environmentally effective.

CONCLUSION ON THESE FOUR POINTS

The sustainable development and climate change strategies of the EU currently rely heavily on the EU-Emission Trading System (ETS) being implemented. . The Commission itself watered down road charging ambitions, the Council did so for energy taxation. However, the ETS is going to be complex to administer and may not deliver environmental results for some time. The Commission must learn from the mistakes made in the first phase and make sure that they are avoided in the second phase, during the 2006 review. Moreover, this tool applies mainly to large industrial installations. In the EU, the fastest growing emissions come from the transport sector; a first logical step would therefore be the inclusion of this sector, including aviation, in the ETS. Besides, additional measures are therefore urgently needed to tackle those emissions. The Commission must present new environmental taxation proposals. The Council must be more cooperative with the Commission on this issue and work towards higher energy tax harmonisation.

POLITICAL SUPPORT

Many Member States have started implementing market-based measures for environmental protection, and international organisations such as the OECD promote the development of such policies.

It is thus no surprise that the push has been stronger from the higher level of the European Councils, that have pushed for a larger implementation of market-based instruments.

The 2001 Göteborg European Council said:

'22. [...] Getting prices right' so that they better reflect the true costs to society of different activities would provide a better incentive for consumers and producers in everyday decisions about which goods and services to make or buy.

And, under 'Ensuring sustainable transport':

29. A sustainable transport policy should tackle rising volumes of traffic and levels of congestion, noise and pollution and encourage the use of environment-friendly modes of transport as well as the full internalisation of social and environmental costs. [...] 'notes that the Commission will propose a framework to ensure that by 2004 the price of using different modes of transport better reflects costs to society.'

As mentioned above, only a flawed proposal for pricing on heavy goods transport was published. When a proposal for a general framework for transport infrastructure pricing will be developed is uncertain.

The 2002 Barcelona European Council asked the Ecofin Council to find an agreement on the energy tax proposal, and the 2003 Spring Summit asked the same Ecofin to start working on subsidies.

From the Council of Ministers, political support is lower. The Cardiff Process requires the main Councils to integrate environmental considerations into their policy-making and to adopt strategies for this purpose. Progress has been very slow, and concrete measures very rare. In June 2004, the Commission issued a modest stocktaking of Cardiff, with some 'challenges', but with little in depth analysis or ambitions to arrive at measurable results..

In a report to the Nice European Council of December 2000, the Ecofin Council advocated a greater use of environmental taxes and of Environmental Fiscal Reform.

We saw that the Ecofin eventually agreed on the energy tax directive in March 2003, after six years of difficult negotiations. The result, however, is disappointing from an environmental protection point of view. In its communication to the 2002 Barcelona European Council⁴, the Ecofin advocated the reform of environmentally harmful subsidies. But since the 2003 Spring European Council asked the Ecofin to do more work on the issue, nothing concrete has come out from this Council.

Invest in science and technology

12. *By promoting innovation, new technologies may be developed that use fewer natural resources, reduce pollution or risks to health and safety, and are cheaper than their predecessors.*

Supported by Council	Action Taken	Quality of policy actions
Unclear	First Step	N/A

The European Council was keen on this, see in particular its Conclusions of the March 2003 European Summit. Fuel cells suddenly became a big issue, which do reduce some environment and health impacts, but only help with climate change if the fuel is produced with renewable resources. The ETAP is the first paper on technology development. This however does not guarantee yet that the EU will give a boost to both the development AND USE of such technologies. See also our comments under point 1.

13. *The EU and Member States should ensure that legislation does not hamper innovation or erect excessive non-market barriers to the dissemination and use of new technology.*

Supported by Council	Action Taken	Quality of policy actions
Unclear	Unclear	Unclear

A systematic review on whether legislation will not hamper innovation should be an issue for the Impact Assessment. 'Innovation' does appear among the 'economic impacts' to be assessed. However, it is not clear whether in this case there is any special attention to innovation with a specific positive impact on the environment.

14. *The Community should fully exploit the potential of the next Community Framework Programme for Research to support research activities related to sustainable development as a part of the European Research Area. The Göteborg Summit called for taking due account of energy, transport and environment in the 6th Framework Program for R&D.*

Supported by Council	Action Taken	Quality of policy actions
Partially	Yes	Needs improvement

The 6th Framework Programme does contain more sustainable development-related issues, certainly on energy and transport, but we cannot say that the potential has already been fully exploited. On the integration of sustainable transport and spatial planning, a crucial point for decreasing transport growth and impacts, it was even a step back compared to the previous programme, as researchers in this field told us. Biodiversity as an objective was lacking from the 6th Framework Programme, something that should be addressed with the 7th Framework Programme and following the Killarney conference in May 2004.

15. Drawing on the guidance document the Commission will issue shortly, Member States should consider how to make better use of public procurement to favour environmentally-friendly products and services.

Supported by Council	Action Taken	Quality of policy actions
Variable	Yes	Poor

The 'Interpretative Communication' came out a few weeks after Göteborg. Some Member States have taken action in that field. DG Environment has installed a website to inform on green Public Procurement. However, in 2000, the Commission presented two directives to review the existing legislation. In these proposals, the Commission had failed to promote public procurement as a tool to promote the environmental and social dimensions of sustainable development. In the negotiations with the Council and European Parliament, the Commission remained deaf to calls to adapt its proposals in this direction. In the end it was the European Parliament that managed to at least prevent that the new Directives would undermine the scope for (limited) environmental and social objectives. But Member States and the Commission have shown a clear lack of integration here. In the discussions on Integrated Product Policy, the Commission and (Environment) Council advocated public procurement as a positive tool, whereas in the negotiations on the Directives, the Commission and Member States were very reluctant.

Whether these Directives will lead to the greening of public procurement now is very much in the hands of the national and local authorities. The Directives are even more ambiguous than the ones they replace, so the quality of transposition into national law can make a big difference. We expect DG Environment to keep to its promise to promote green public procurement by presenting guidance and best practice.

16. The Commission will encourage private sector initiatives to incorporate environmental factors in their purchasing specifications.

Supported by Council	Action Taken	Quality of policy actions
Possibly	No	N/A

In the Multi-Stakeholder Forum on Corporate Social Responsibility some attention has been given to this topic, but it is very doubtful whether this will lead to substantial follow-up. As far as we know the Commission has not taken any other concrete initiative.

17. *The Commission invites industry to identify what it considers the major obstacles to the development and wider use of new technologies in sectors such as energy, transport and communications.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Reasonable

The Göteborg Summit confirmed this point. In the preparation for ETAP, some useful analyses of this point have been made, but follow-up actions are open-ended.

18. *The Community should contribute to establishing by 2008 a European capacity for global monitoring of environment and security (GMES).*

NO COMMENTS FROM GREEN EIGHT

Improve communication and mobilise citizens and business

19. *Earlier and more systematic dialogue - in particular with representatives of consumers, whose interests are too often overlooked - may lengthen the time taken to prepare a policy proposal, but should improve the quality of regulation and accelerate its implementation. The views of those from outside the Union should also be sought.*

Supported by Council	Action Taken	Quality of policy actions
No	Yes	Some progress

Dialogue is taking place, and gradually is becoming more systematic and better organised, but there is still a lot to be desired, in particular on how it is managed by the Commission,

20. *The Commission's forthcoming White Paper on Governance will include proposals on wide-ranging consultation of stakeholders from within and outside the Union, typically including a public hearing, before tabling any major policy proposal. Reviews of major policies will similarly seek to obtain the views of stakeholders.*

Supported by Council	Action Taken	Quality of policy actions
No support needed	Yes	Some progress

In December 2002, the Commission did produce after consultations a Communication called: 'Towards a reinforced culture of consultation and dialogue. General principles and minimum standards for consultation of interested parties by the Commission' In particular the EEB was active in the consultation on this proposal and achieved some results.

In October 2003, this was followed by a draft Regulation to apply the Aarhus Convention to the EU Institutions and bodies. With regard to public participation this did not come with improvements as compared with the Communication cited.

The EEB had three main concerns with the final version: it does not lay down a 'right' to public participation; it does not include the 'comitology procedures' and it does not guarantee that the consultations will directly involve those persons in the Commission that are responsible for the proposals. The EEB expressed its strong doubts whether Internet consultation and meetings organised by the Economic and Social Committee can replace the need for face-to-face meetings and debate with responsible people in the Commission.

The Commission is making progress with regards to transparency and dialogue. However, the format is still ad hoc, depending on preferences of individuals in the Commission and funds available.

The Commission should organise hearings itself, not via EESC; senior officials need to be involved, consultations should be set up in a systematic manner, and announced in good time; the dominance of commercial interests needs to be avoided; Internet consultations should never be the sole tool.

21. All publicly-quoted companies with at least 500 staff are invited to publish a 'triple bottom line' in their annual reports to shareholders that measures their performance against economic, environmental and social criteria. EU businesses are urged to demonstrate and publicize their worldwide adherence to the OECD guidelines for multi-national enterprises, or other comparable guidelines.

Supported by Council	Action Taken	Quality of policy actions
Partially	Yes	Poor

Following its Communication on 'Corporate Social Responsibility: A business contribution to sustainable development' (2002) the European Commission set up a multi-stakeholder forum on corporate social responsibility (CSR) and invited participants (business associations, trade unions, consumer-, environment- and social NGOs) to develop by mid-2004 'commonly agreed guidelines and criteria for measurement, reporting and assurance' of the environmental and social performance of business. However, after a 20 month process, the CSR multi-stakeholder forum failed to make concrete proposals on the issue due to stakeholders' fundamental differences of opinion on reporting and transparency requirements. Also see point 2.

22. Member States should consider how their education systems can help develop wider understanding of sustainable development.

Supported by Council	Action Taken	Quality of policy actions
Partially	No	N/A

The Göteborg Summit called for Member States to draw up national sustainable development strategies, but education was not mentioned as a necessary element. In practice we know that some Member States are planning, or have developed, certain sustainable development or environment education policies, such as The Netherlands, Finland, Denmark, Poland and the UK. But in Portugal, for instance, the reduction of effort is being noticed. In Germany it does not seem to be on the agenda.

The Commission's draft overview of national sustainable development strategies, published in April 2004, mentions only that '*several national strategies focus on education and training as a key area for action*'. Generally it signalled that many countries face a lack of understanding of the concept of sustainable development.

Take Enlargement and the global dimension into account

23. Future Member States face many of the same problems, but also have a number of distinctive features ... Future reforms of Community policy will have to take account of these differences. Candidate Countries should be actively involved in implementing this strategy.

Supported by Council	Action Taken	Quality of policy actions
Yes	Some	Mixed

We have seen that, for example, reform of the CAP has taken enlargement into account, but only to a limited extent in the way that environmental organisations in the former Accession Countries would have wished to see. With regards to the use of pre-accession funds the picture is mixed. Some money is spent for the right purposes, while it has also accelerated the development of roads and airports.

The two first Spring Reports did not relate to the Accession Countries at all, and also in the latest one a particular Accession Country-oriented approach is not obvious. What is worrying is that former Accession Countries are now being 'abused' to argue against REACH.

24. Our policies - internal and external - must actively support efforts by other countries - particularly those in the developing world - to achieve development that is more sustainable.

Supported by Council	Action Taken	Quality of policy actions
Yes	Unclear	Unclear

A practical implementation should have been the application of sustainability impact assessments to external as well as internal impacts of EU policy proposals. This is not happening systematically.

The commitment is essential also because no less than one third of the total resources used in the EU are exported from other countries. Access to and use of natural resources even become **the** main issue of sustainable development for poor countries which development is heavily dependent on the extraction and trade of natural resources based products.

On the one hand there is no internal policy, except fisheries, which has adopted strategies including a fully developed set of commitments, with deadlines, milestones, and reporting and review mechanisms for assessing current impacts on developing countries or for promoting their sustainable development. The most striking is the total absence of such considerations within the Common Agricultural Policy. In the other hand external policies show declarations of intent through Council conclusions focused on supporting environmental policies in developing countries but these are hardly followed by effective commitments and means for environmental integration. Beyond few positive thematic or geographical initiatives, integrating environmental considerations into external relations' policies and instruments has not been institutionalised neither in the policy dialogue with third countries programming nor in the programming decision process of aid.

This deficiency of environmental mainstreaming in the sector policies has impeded the EU in promoting coherence between internal and external policies. Without proper ownership of the sustainability issue in the Council committees and Commission directorates, ways of improving consistency will be difficult to explore.

Regarding trade, a decision was taken ensure that an impact assessment is carried out for all major policy proposals, analysing their economic, social and environmental consequences in accordance with the conclusions of the Göteborg European Council. One is currently underway, after years of delay, on the Mediterranean Free Trade Zone.

25. The Commission will present a Communication in the first half of 2002 further setting out its views on how the Union should contribute to global sustainable development, in advance of the World Summit on Sustainable Development (Rio+10) in Johannesburg. Among other issues, this Communication should address the question of mobilising additional financial resources for development aid, in particular to reduce global poverty.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Partial

The EU played a relatively positive role in the (run-up to) the Johannesburg Summit, in particular in areas such as environmental governance.

The WSSD Plan of Implementation calls for the adoption of new measures to strengthen institutional arrangements for sustainable development at international, regional and national levels. The EU needs to bring forward proposals for institutional changes in this sphere.

Further work is needed on defining and monitoring sustainable development indicators to capture the impacts of EU policies outside its borders. And further developing the external dimension of the Strategy should be done in an inclusive process, involving also stakeholders outside the EU, both official and civil society.

As per the previous International Development Target and re-affirmed within the Johannesburg Declaration, Member States must strive towards at least 0.7% of GNI for overseas development assistance. Some Member States have already met this target, and others are making welcome progress, but some are still lagging far behind and must improve their efforts.

Environment and sustainable management of natural resources stands at the heart of every major challenge that developing countries are facing, as can be read from their inclusion in the Millennium Development Goals. Understanding the central role that environment plays in sustaining the rural poor is fundamental to effective poverty alleviation. 70% of the world's poor live in rural areas and depend on natural resources for their immediate survival, since it provides them with food, water, energy, housing, medicines and clothing. This reliance constitutes net revenue for the poor. In order to sustain this essential reliance, the conservation of stable and productive ecosystems is required. With a world population likely to increase by nearly 3 billion people in 2050, sustainable management of natural resources and ecosystem conservation become even more important in contributing to poverty reduction. If these problems are not sufficiently addressed, as is currently the case, environmental degradation will further invoke poverty problems, and other direct consequences such as conflicts on access to resources, uncontrolled and illegal migration due to degradation of lands (desertification, natural disasters, water scarcity), government tax losses and criminality boosted due to illegal extraction of natural resources (illegal timber logging, illegal fishing).

Despite several political commitments adopted by the European Council since 2000 and reiterated at the world summit on sustainable development in Johannesburg in 2002, environmental and natural resources issues are still not significantly and strategically considered in the designing of EC Country and Regional strategy papers. These documents are the official reference for EC priorities of actions with partner countries for five years.

- The overall EC development aid policy and other EC external policies should enable adequate recognition of poverty-environment structural interdependencies and define aid intervention and policy priority dialogue according to it.
- Thematic priorities should support sustainable forms of extraction of natural resources, of sustainable fishing and fish stocks recovery, renewable energy promotion, halting and reversing deforestation and land degradation, promoting biodiversity conservation.
- Increase financial support to the sustainable management of natural resources in EU partner developing countries in order to substantially contribute to poverty alleviation and to meet the Millennium Development Goals, which were clearly confirmed by the Johannesburg Summit, and to which the EU is also committed.
- Regarding marine issues, the recently agreed reform of the EU's Common Fisheries Policy provides no guarantee that the EU will live up to the globally agreed targets, and it will therefore be crucial that the positive new elements in the CFP, e.g. the elimination of a number of subsidies in 2004, do not get watered down in the coming years.
- EU should ensure that the recent reforms of the Common Fisheries Policy get implemented in a way so that they live up to the clear decisions in Johannesburg to 'eliminate subsidies that contribute to illegal, unreported and unregulated fishing and to over-capacity' and 'on an urgent basis and where possible by 2015, maintain or restore depleted fish stocks'.
- The EU should further develop the EU Water Initiative beyond the EU water fund facility to cover other developing regions than Africa and in ensuring an integrated approach to water management, complementing its focus on the provision of clean water and sanitation with the equally important need to manage the water resources sustainably in order that they can continue to provide the necessary water. Global development targets are still weak on environmental management and the critical role of freshwater ecosystems in providing water for life must be recognised.

- The energy section of the Johannesburg Plan of Implementation delivers nothing to provide energy services for the 2 billion people world-wide who have no access to modern energy services, and that it fails to curb global warming. It has no targets or timetables of any kind to increase the share of renewable energy, and delivers nothing on reducing the massive subsidies to the fossil fuel industry, which continue to prop up its dominance of the global energy mix. It merely reiterates agreements made over the past several years.
- The EU should further develop the EU Energy Initiative in a credible and transparent way ensuring that new and additional funding is identified to secure its implementation. In addition, any EU Energy Initiative in the context of Sustainable Development and Poverty Eradication must focus on the various aspects of providing energy to those urban and rural poor communities in developing countries that have no or erratic access to energy services. In order to garner support from broad sectors of the society, the technological focus shall be on all forms of improvements of energy efficiency, clean and “new” renewable energy sources (“new” renewable energy excludes large hydro >10 MW and unsustainable biomass). A particular focus in that Initiative shall be set on improving conditions in a sustainable way for those communities that rely on biomass, mainly fuel wood and dung for cooking and heating.
- Regarding forestry, the EU, by developing new legislation, should ensure that a regulation proposal on Forest Law Enforcement would support licensing schemes which continuously improves procedures and practices and would implement more rigorous standards such as those embodied by the Forest Steward Council (FSC) for timber exports from partners in developing countries.

On trade policy the Commission analyses correctly that: *“The United Nations system, the Bretton Woods institutions, the WTO and the ILO need to work consistently towards sustainable development”*. The UN system should take a lead in developing a global governance structure for sustainable development, given its role in the environmental, social and economic spheres, and its universal membership. It continues to state that the WTO’s Doha Mandate calls for *“Active co-operation [of the WTO] with the ILO, UNEP, Bretton Woods institutions, UNCTAD and other relevant international environmental and development organisations.”* And considers the EU role as to *“Support closer co-operation between the WTO and international environmental bodies (UNEP and Secretariats of Multilateral Environmental Agreements)”*.

The Commission’s view that the Doha Mandate requires the WTO to co-operate closely with UNEP is not shared by all WTO members. The actual negotiation mandate on the relation between the WTO and trade provisions in multilateral environmental agreements is very narrow and threatens to put MEAs under scrutiny of the WTO. It therefore contradicts the EU’s objective to let the UN system take the lead.

In the broader round of trade negotiations the EU sees its contribution to; *“Negotiate constructively in the WTO negotiations to continue the process of establishing a fair and market oriented trading system, in accordance with the conclusions of the Doha ministerial conference”*

On agriculture the Doha Mandate calls for comprehensive negotiations on improved market access; and on reductions in all forms of export subsidies and trade-distorting domestic support. Non trade concerns reflected in the negotiating proposals to be taken into account. Special and differential treatment to be an integral part of the negotiations, to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development.

Again, at this level of generality the proposal is indeed supported by the Council, however, the Communication itself is already flawed in equalling the finalisation of the Doha Round to a contribution to sustainable development. Especially in the field of agriculture the EU interprets the mandate according to its narrow commercial interests, instead of putting sustainable development in the centre. For example it insists on a uniform tariff reduction formula for developed and developing countries, opposing proposals by different groups of developing countries to apply a more flexible and less onerous market access regime as a central element of special and differential treatment.

With regards to environmental concerns, the EU does not press for greater flexibility for payments for agri-environmental programmes, but until very recently was dedicated to maintain export subsidies for at least a few products, and even its latest offer to eliminate them for all products is subject to several conditions. A negotiation position that had sustainable development as its core objective would offer to eliminate all types of support schemes that promote intensification and unfair competition on world markets while at the same time requesting sufficient flexibility to support environmentally beneficial forms of agriculture.

Long-term objectives and targets

SOCIAL OBJECTIVES

26. Recent European Councils at Lisbon, Nice and Stockholm have already agreed objectives and measures to tackle two of the six issues that pose the biggest challenges to sustainable development in Europe: combating poverty and social exclusion, and dealing with the economic and social implications of an ageing society. This strategy does not propose new actions in these areas. However, these objectives are an integral part of the EU Strategy for Sustainable Development.

Comment from Platform of European Social NGOs

No measures have been taken to ensure that social inclusion and ageing policies are an 'integral part' of the SDS - there is no cohesion with other elements. Although social inclusion and ageing are considered two of the most important challenges, attention has been focused mainly upon one narrow aspect of ageing - reforming pension systems to cope with demographic change. Action on social implications has so far not been forthcoming, although a recent Communication from the Commission proposes cooperation on access to health and long-term care. The social inclusion strategy lacks the visibility to ensure that it is recognised as one of the six main challenges to sustainable development - the tools to achieve these objectives are not sufficiently strong when compared with those available for meeting other key challenges for the SSD.

Priority objectives on four main issues

For the remaining four issues, the Commission proposed the following set of priority objectives and measures at EU level. Meeting these objectives will also require action to be taken by Member States, both in their domestic policies, and in the decisions taken by the Council on changes to Community policies.

27. The Commission will report on progress in meeting all the goals of the strategy in its report to the annual Spring European Council (the Synthesis Report).

Supported by Council	Action Taken	Quality of policy actions
Yes	Partially	Poor

The Commission has never reported on all these goals, not even on the majority of goals of the SD Strategy. At best there were seven environmentally-related indicators used in the Commission reports to the Spring Summit. In the report for 2004, this was reduced to three as a result of a total reduction of indicators for the Lisbon process from 42 to 14.

Limit climate change and increase the use of clean energy

HEADLINE OBJECTIVES

28. The EU will meet its Kyoto commitment.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Mixed

In the meantime, all (old and new) EU Member States have ratified the Kyoto Protocol, and so did all the countries joining the EU this year. The Commission and Member States continue to work together on measures to implement Kyoto, on the basis of the Climate Change Action Programme. This contains good elements but also major weaknesses, resulting from political and business resistance against environmental tax reform and subsidies reform.

EEA last year released data suggesting that the EU is not on course to meet its Kyoto target, although this analysis did not include some policies which are currently being discussed.

29. However, Kyoto is but a first step. Thereafter, the EU should aim to reduce atmospheric greenhouse gas emissions by an average of 1% per year over 1990 levels up to 2020.

Supported by Council	Action Taken	Quality of policy actions
No	No	N/A

Instead of a 2020 target, the Göteborg Council chose to reconfirm the long-term objective of 70% reduction, as mentioned in the 6th Environmental Action Programme. From the Member States, Germany has set for itself a 2020 target of 30% reduction vs 1990.

The Spring Council of March 2004 has invited the Commission to make a cost benefit analysis of medium- and longer-term emissions reduction strategies and targets, to be considered at the 2005 Spring Council. Although such an exercise might be useful in itself, we have doubts about the intentions of some Member States. So far it was considered obvious that the EU should promote and implement further reduction strategies. Is the 'competitiveness' ghost active here as well?

30. The Union will insist that the other major industrialised countries comply with their Kyoto targets. This is an indispensable step in ensuring the broader international effort needed to limit global warming and adapt to its effects.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Positive

The EU ratified before the Johannesburg Summit and showed positive leadership on climate change. The EU played an active role in the recent announcement by President Putin that Russia will ratify and the March 2004 Spring Council had clearly repeated the request to ratify to Russia and other countries.

MEASURES AT EU LEVEL

31. Adoption of energy products tax directive by 2002.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

This Directive was finally adopted in March 2003, but NGOs including the *Green Eight* strongly criticised its many exemptions and low rates. It may have an impact in the future now that the precedent for such harmonisation is set, but for now environmental impact is negligible. And, what is worse, the agreement foresees that the rates can only be reviewed from 2012. *See also points 10&11.*

32. Within two years of this, the Commission will propose more ambitious environmental targets for energy taxation aiming at the full internalisation of external costs, as well as indexation of minimum levels of excise duties to at least the inflation rate.

Supported by Council	Action Taken	Quality of policy actions
No	No	N/A

While the Göteborg Summit did support the general idea of 'getting the prices right' and, in the transport sector, prices that better reflect 'costs to society', it did not explicitly support further work on environmental fiscal reform. The *Green Eight* is looking forward to a new initiative from the Commission on environmental fiscal reform.

33. Phase out subsidies to fossil fuel production and consumption by 2010. Where necessary, put in place flanking measures to help develop alternative sources of employment. Analyse whether there is a need to create a stockpile of coal reserves, and whether or not we should maintain a minimum level of production for security of supply reasons. Commission proposal in 2001 for adoption by Council before the expiry of the ECSC Treaty in July 2002. Take account of the specific situation of some Candidate Countries in the accession treaties.

Supported by Council	Action Taken	Quality of policy actions
No	No	N/A

This objective was clearly not supported by the Göteborg Summit. Two years later, the 2003 Spring Summit urged 'the Council [Ecofin] to encourage the reform of subsidies that have considerable negative effects on the environment and that are incompatible with sustainable development'. As far as we know, Ecofin has done nothing so far and the 2004 Spring Summit, despite repeated calls from the EEB and others, did not bother to come back to this.

In reality, fossil fuel subsidies have not noticeably decreased.

34. Greenhouse gas emission reduction measures based on the outcome of the European Climate Change Programme. Specifically, the Commission will propose by end of 2001 a proposal for the creation of a European CO₂ tradable permits system by 2005.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Reasonable

ECCP resulted in some weak policies but the structure was good - comprehensive and open to NGO participation. The Emission Trading Directive was adopted in July 2003 and will have a beneficial effect on the environment. However, transposition and national allocation plans are being done now so too early to be sure how effective it will be. *See also under points 10&11.*

35. Alternative fuels, including biofuels, should account for at least 7% of fuel consumption of cars and trucks by 2010, and at least 20% by 2020. The Commission will make a proposal in 2001 for adoption in 2002.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

A Directive for promotion of biofuels was adopted in 2003. However, the proposal was criticised by NGOs, including EEB and CAN Europe, as an agricultural subsidy that is likely to bring little or no environmental benefit since incentives were related to yields not quality.

36. Clear action to reduce energy demand, through, for example, tighter minimum standards and labelling requirements for buildings and appliances to improve energy efficiency.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Reasonable

The Buildings Energy Efficiency Directive was adopted in 2002. It did not tighten minimum standards but did introduce labeling and auditing measures. Not very strong but a constructive measure.

37. *More support to the research, development and dissemination of technology on: clean and renewable energy sources.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Reasonable

The Göteborg Council added to the Commissions' proposals: '12% renewable energy by 2010'. This objective is now generally accepted and being worked on.

38. *and for: safer nuclear energy, namely the management of nuclear waste.*

This objective is flawed, due to ambiguous wording that refers both to management of nuclear waste, which is consistent with sustainable development, and to the further promotion of nuclear energy, which is not. We have therefore not included it in this review.

Nuclear power is inconsistent with sustainable development due to: (i) the long-lived and extremely hazardous radioactive waste it produces; (ii) it is based on the mining of uranium; (iii) the risk of very serious accidents is unacceptably high; (iv) there are more cost-effective ways to make and use energy, particularly electricity. The nuclear sector also receives substantial state aid through grants, loans and guarantees while at the same time lacking the transparency needed for democratic and participatory decision-making.

The EU should end its institutionalised promotion of nuclear power, in particular by reforming the Euratom Community. We call on Member States to begin this process during the current IGC.

When funds are wasted on expensive and unproven nuclear options (e.g. fusion in the Euratom research budget), there is consequently an opportunity cost on non-nuclear energy options (renewables, demand management, etc).

Address threats to public health

HEADLINE OBJECTIVES

39. *Make food safety and quality the objective of all players in the food chain.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Some	Reasonable

The food safety dimension has been improved, legislation required by the White Paper on food safety is in place. Quality dimension still needs some improvement.

The CAP mid-term review introduced support for agricultural production methods which improve the quality of agricultural products and for certification for quality products under rural development measures. Article 69 of the horizontal regulation says that Member States can use national envelopes (10% of the decoupled payments) for

additional payments to farming important for improving the quality and marketing of agricultural products. However, it is unclear to what extent these measures will be used.

40. By 2020, ensure that chemicals are only produced and used in ways that do not pose significant threats to human health and the environment.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor and delayed

The Göteborg Summit rephrased this to: ‘no significant impact on health and environment by chemicals within one generation’.

A regulation to that purpose, ‘REACH’, was published end of October 2003. This was later than foreseen, making it impossible to respect the deadline of 2004 (demand from the Council) to have such legislation in place.

REACH is a step forward towards a toxics-free future, but in its current shape it does not guarantee that by 2020 hazardous chemicals will not be produced. It lacks a strong substitution principle to ensure that all hazardous chemicals are replaced by safer alternatives, it does not cover all chemicals that are on the market, or require registration for all chemicals in imported products. Moreover, there is massive resistance from industry federations and large industries, who do everything they can to dilute REACH even further.

The Commission should continue fighting for REACH, and allow improvements as soon as political support emerges.

41. Tackle issues related to outbreaks of infectious diseases and resistance to antibiotics.

NO COMMENTS FROM GREEN EIGHT

MEASURES AT EU LEVEL

42. Improve consumer information and awareness, including through education, and clear labeling of food.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Reasonable

Good progress has been made, with many regulations to improve transparency and information. Among these are rules for traceability and labelling of products containing GMOs.

43. *Creation of a European Food Authority in 2002.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Good

This objective was achieved. Its functioning could be improved. Some *Green Eight* members have given input in its first evaluation.

44. *Improve capacity to monitor and control health impacts of certain substances (for example dioxins, toxins, pesticides) in food and the environment, especially their effects on children.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Academic	Unclear

The capacity to monitor and reduce health effects of environmental substances is addressed in the EU Environment and Health Action Plan 2004-2010, adopted in June 2004. However the Action Plan lacks concrete control mechanisms, and does not prioritise actions regarding children's specific vulnerabilities.

With regard to monitoring, the WHO/EUROHEIS (European Health and Environment Information System) project aims to improve the understanding of the links between environmental exposures, health outcomes and risk through the development of an integrated information system for the rapid assessment of relationships between the environment and health at a geo-spatial level.

The coordination and evaluation of monitoring work between DG Environment and the former DG SANCO is still not optimal, and there is not a complete inventory of existing environmental monitoring exercises. No adjustment of environmental monitoring has yet been considered in the Thematic Strategies "Review of Monitoring & Reporting". Although SANCO's working group considers age-related aspects in their work, child related effects to exposures are worryingly lacking across the board. Work related to food contamination issues and monitoring has not started. Work related to biomonitoring at a European level will start in 2004, no expected results until earliest 2007.

45. *Reorient support from the Common Agricultural Policy to reward healthy, high-quality products and practices rather than quantity.*

Supported by Council	Action Taken	Quality of policy actions
Partly	Partly	To be seen

See above: also national envelopes can be used to support organic farming, as well as rural development measures. However it is still not clear if Member States will use national envelopes and the measures under rural development and rural development funds remain limited.

46. Following on from the 2002 evaluation of the tobacco regime, adapt the regime so as to allow for a phasing-out of tobacco subsidies while putting in place measures to develop alternative sources of income and economic activity for tobacco workers and growers and decide an early date accordingly.

Supported by Council	Action Taken	Quality of policy actions
Yes	Delayed	Reasonable

The Council agreed to a delayed reform package for the tobacco regime in 2004. Originally planned for 2005 harvest, it will now start in 2006. Rather than being completed in three years (by 2007) subsidies will now be phased out only in 2010.

The impact on the environment could be potentially good, provided that the discontinuance of related pesticides is not replaced by alternatives accompanying any crop conversion

47. Develop by 2003 a comprehensive Community strategy to promote health and safety at work, to achieve a substantial reduction in work accidents and professional illness.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Good

The Commission's strategy 2002-2006 contains clear indications of how work accidents and illnesses can be reduced and prevented. A Communication on practical implementation of five individual directives (published in February 2004) points out that Community legislation has made a difference in bringing down the number of accidents. Work remains on to be done with SMEs, in certain sectors and with workers to bring down the number of deaths and total cost to the economy (between 2.6% and 3.8% of GNP).

48. All legislation to implement the new chemicals policy in place by 2004.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes, but too late	Poor

While the European Council endorsed this deadline, the Commission came under enormous pressure, from industry but also from some large Member States, to weaken the proposal, which led to delays (and a weakened proposal). The proposal for REACH came out in October 2002, but will certainly not meet the deadline of (end of) 2004, and is likely to be delayed until at least 2005.

49. The Commission will present by the end of 2001 a European action plan to slow resistance to antibiotics, through improving information, phasing out their use as growth promoters in agriculture, and better control of the use of antibiotics in human, animal, and plant care.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Reasonable

In 2001, the Commission published a Strategy against microbial resistance and the Council adopted a Recommendation on the prudent use of antibiotics in human medicine.

50. Create by 2005 a European capacity to monitor and control outbreaks of infectious diseases

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Good

The Council and Parliament have adopted Regulation (EC) No 851/2004 in April 2004 to establish a European Centre for Disease Prevention and Control, which is now being implemented by the European Commission. The executive agency should be operational by March 2005. The ECDC would play a role in early warning and response for environmentally related communicable diseases such as those transmitted by water. The main tasks will include epidemiological surveillance and networking of laboratories, early warning and response, scientific opinions, technical assistance and communication.

Manage natural resources more responsibly

HEADLINE OBJECTIVES

51. Break the links between economic growth, the use of resources and the generation of waste.

Supported by Council	Action Taken	Quality of policy actions
Yes	Starting	Poor

The objective of 'decoupling' has been endorsed in various Council conclusions. This includes the Göteborg Summit which put decoupling economic growth from resource use as one of the general objectives.

It is also part of the 6th EAP. The 6th EAP demands a thematic strategy on 'the sustainable use and management of resources' and on 'the prevention and recycling of waste'. On both issues, the Commission has so far only published 'towards a strategy' Communications which are now subject to stakeholder consultation.

52. Protect and restore habitats and natural systems and halt the loss of biodiversity by 2010.

Supported by Council	Action Taken	Quality of policy actions
Yes	Starting	N/A

The Göteborg Council reconfirmed the 2010 target, as it was laid down in the Council/EP Conclusion on the 6th EAP already. However, besides the existing tools, Natura 2000 and the Birds and Habitat Directives, including the Water Framework Directive, the Commission has not proposed powerful new tools to meet the deadline

Bird indicators, which serve as an excellent barometer of the health of the natural environment, show that biodiversity continues to decline in Europe. It is unlikely that the 2010 target will be met unless urgent action is taken.

NATURA 2000: IMPLEMENTATION AND MANAGEMENT

Further action is needed to promote the full implementation of the Birds and Habitats Directives and the effective management of the Natura 2000 network. The full implementation of these two Directives is a key tool for meeting the 2010 target. Sufficient and separate EU funds should be allocated to the management of Natura 2000 sites via the Structural Funds, Rural Development budget and a significantly increased LIFE-Nature type programme.

The delay in the publication of the Commission's Communication on Natura 2000 financing has hindered progress towards meeting the 2010 target. This Communication was meant to have been produced in autumn 2003, but it has been delayed until summer 2004. This delay indicates a lack of commitment in the Commission to take concrete measures to ensure the attainment of this objective. In addition, key officials have stated that the Commission does not intend to continue the LIFE Nature programme after 2006. If LIFE were to be discontinued, this would be a major setback in terms of the attainment of the 2010 target. The lack of commitment shown by the Commission is not in line with the general impetus behind biodiversity conservation such as the 'Message from Malahide' and Environment Council conclusions from 2003 and 2004.

THE COMMON AGRICULTURAL POLICY (CAP)

The CAP is still one of the most important EU policies contributing to the loss of biodiversity throughout the EU. The agricultural reforms agreed last year at the mid-term review of the CAP were a significant step in the right direction. These reforms introduce measures that will help curb biodiversity losses such as compulsory de-coupling subsidies from agricultural protection; cross-compliance to set and apply meaningful standards of management to protect farmed countryside; and modulation to shift CAP funds from pillar 1 (direct subsidies) to pillar 2 (rural development).

However, further action is needed to ensure that the CAP actively contributes to the maintenance and recovery of the environment. Agri-environment measures are the primary tools to deliver biodiversity objectives and sustainable development. The new Rural Development Regulation, which will be agreed in 2005, should ensure that agri-environment measures remain compulsory throughout the EU and sufficiently funded (no ringfencing of agri-environment spending). Moreover, they should be made more flexible and better targeted at the protection of biodiversity in high value natural areas. Funding should be re-directed from the first pillar of the CAP to increase the budget for agri-environment schemes, and a significantly increased rural development package should be agreed for the period 2007-2013.

THE STRUCTURAL FUNDS

The Commission's revised guidelines (COM (2003) 499 final) state that economic growth should support social progress and respect the environment. Moreover, the Commission's Third Cohesion Report suggests that Structural Funds could be used to assist Member States to achieve full compliance with the body of EU law (under the "convergence" priority), and invest in infrastructure linked to Natura 2000 contributing to sustainable economic development (under the "regional competitiveness and employment" priority). This is a welcome step in the right direction.

THE EC BIODIVERSITY STRATEGY

The Commission has initiated the review of the EC Biodiversity Strategy, which should produce a Delivery Plan for achieving the 2010 target. It is too early yet to say whether this process will gain sufficient support and political priority to actually help reach this target, despite a request by the Environment Council along these lines in June 2004.

INDICATORS

No official biodiversity indicators have been adopted to measure progress towards meeting the 2010 target. This is a major omission. With only six years to go before this target must be met, EU decision-makers need to know if Europe is on the right track. BirdLife's *Pan-European Common Bird Index*, which can be used immediately, is the best biodiversity indicator currently available. This indicator should be adopted on the shortlist of headline indicators to measure the progress of the Lisbon and Göteborg strategies, and included in the Commission's synthesis report to the 2005 Spring Summit.

THE WATER FRAMEWORK DIRECTIVE

The European intercalibration of national ecological assessment systems under the Water Framework Directive needs higher political priority. So far the national assessment processes are happening without public participation and risk failing the Directive's requirements for an integrated ecological assessment. Further, some Member States have started to question the feasibility of achieving the Water Framework Directive's objectives and explore ways of a legally minimalist and economic costs driven implementation of the Directive. Such activities run counter to sustainable water management and integration of its objectives in relevant policies, including agriculture and land use planning.

MINING

The Commission's proposal for a Directive on the management of waste from the extractive industries should contribute to prevent further habitat and biodiversity loss by covering existing legislative gaps. But the proposal can only be seen as a first step and is rather weak. The Council seems to intend an even further weakening of the already weak Commission's proposal.

53. Improve fisheries management to reverse the decline in stocks and ensure sustainable fisheries and healthy marine ecosystems, both in the EU and globally.

Supported by Council	Action Taken	Quality of policy actions
Yes	No	N/A

The Council agrees in principle, but the decline of fish stocks is continuing. See explanation above to point 6.

MEASURES AT EU LEVEL

54. Develop an Integrated Product Policy in co-operation with business to reduce resource use and the environmental impacts of waste.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

The European and Environment Councils lend their support to this. In June 2003 a Communication on Integrated Product Policy was published. Its content is very disappointing, building on voluntary approaches with no clear targets and timetables for reducing resource use and environmental impacts of waste.

55. EU legislation on strict environmental liability in place by 2003.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

The Commission published a draft directive in January 2002. It was adopted in early 2004, so just missed the deadline. But more important is that the Directive does NOT lay down a strict liability scheme. It contains loopholes so that in fact only companies that have violated terms of a permit and worked with outdated technologies will be liable. Furthermore the scheme does not oblige companies to insure themselves. In this way the prevention element of liability is lost. It does not give incentives to companies to work in the safest way possible. It was most disappointing how stubbornly the Commission refused to accept improvements that were proposed, in the first reading, by the European Parliament as well as by a number of Member States. It used its power explicitly to prevent such improvements and therefore has a large responsibility for the poor result.

The Commission should review its position on liability and seek the first possible moment to improve the new Directive.

56. The Commission will establish a system of biodiversity indicators by 2003.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes, delayed	Not clear yet

The Commission worked slowly on this. Under pressure from the Environment Council, a place has been kept open in the indicator system for the Spring Reports, so possibly a biodiversity headline indicator might be introduced in the 2005 Spring report. *See also point 52.*

57. *The Commission will propose a system of resource productivity measurement to be operational by 2003.*

Supported by Council	Action Taken	Quality of policy actions
No	No	N/A

So far, we are not aware of a system proposed. Energy efficiency of the economy is still being measured as one of the structural indicators.

58. *In the Mid-Term Review of the Common Agricultural Policy, improve the agri-environmental measures so that they provide a transparent system of direct payments for environmental services.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Hopefully	To be seen

This will happen in the mid-term evaluation of the Rural Development Regulation in the second half of 2004.

59. *In the 2002 review of the Common Fisheries Policy, remove counter-productive subsidies which encourage over-fishing, and reduce the size and activity of EU fishing fleets to a level compatible with worldwide sustainability, while addressing the consequent social problems.*

Supported by Council	Action Taken	Quality of policy actions
Partially	Unclear	Poor

The reformed CFP does include measures to remove subsidies for new vessels or modernisation, although there are some severe loopholes. Since those measures will only take effect in 2004, several Member States have simply accelerated the construction of new vessels and are using up their structural funds before 2004 rather than 2006. So at this moment it has been counterproductive, but it should become better in the future. However, the reduction of the size and activity of the fleet has been left to the introduction of effort reduction as a tool in stock-specific multi-annual management plans and the market forces. An emergency fund should assist in dealing with the socio-economic consequences. So far only one multi-annual management plan has been established, and the effort reductions the Commission had proposed for that plan have been weakened by the Council, after two years of negotiations. Many more management plans are being proposed by the Commission at the moment, but if the Council treats those similarly, it will still take a while and in the end effort reduction, the key to sustainable fisheries, might be small. It is not clear whether the emergency fund has already been used by Member States. Meanwhile Member States do not have to reach a target reduction of the fleet any more, so that pressure to reduce has been removed.

It is as yet unclear how far this policy will really result in reductions of effort and capacity of the EU fishing fleet and in how far the emergency fund will be used effectively to ease the socio-economic consequences.

Improve the transport system and land-use management

HEADLINE OBJECTIVES

60. Decouple transport growth significantly from growth in Gross Domestic Product in order to reduce congestion and other negative side-effects of transport.

Supported by Council	Action Taken	Quality of policy actions
Yes	No	N/A

Despite support from the European Council in Göteborg, the Commission completely failed here. *See also points 7, 10 and 11.*

61. Bring about a shift in transport use from road to rail, water and public passenger transport so that the share of road transport in 2010 is no greater than in 1998 (the most recent year for which data are available).

Supported by Council	Action Taken	Quality of policy actions
Yes	Poor	Poor

The Göteborg Council supported the proposed bending of the trend, without committing itself to a target/timetable. First, some initiatives were taken to improve the efficiency of the rail system (rail packages), which in itself can deliver some benefits. Second, the adoption of the final guidelines for the Trans-European Transport Network (TEN-T) Priority Projects is certainly not positive for the environment, in spite of the majority of projects being rail projects. NGOs are seriously concerned that priority projects have been given the political go-ahead and priority for EU funding BEFORE they have been properly assessed from an economic, social and environmental point of view. Certain priority transport projects, such as the Messina bridge and the Danube waterway, pose a significant threat to habitats and species requiring protection under EU nature conservation laws. Furthermore, new infrastructure increases rather than decreases transport's environmental impact because it triggers transport growth.

Inland navigation, which has been given high priority is not sustainable per se, due to its water and air pollution as well as due to the grave negative impacts on aquatic ecosystems and habitats in view of halting habitat and biodiversity loss.

The revised guidelines contain requirements for TEN-T plans and programmes to be subject to Strategic Environment Assessment (SEA), and include several references to the Birds, Habitats, EIA and SEA Directives. Moreover, the preamble to the legislative provisions states that EU funding of transport projects is dependent on compliance with EU environmental laws.

It is vital that the Commission, Council and Parliament keep a watchful eye on the implementation of the TEN-T projects to ensure that all the environmental safeguards are respected.

62. Promote more balanced regional development by reducing disparities in economic activity and maintaining the viability of rural and urban communities, as recommended by the European Spatial Development Perspective.

Supported by the Council	Action taken	Quality of the policy actions
Yes	Yes	To be seen

There is a danger that the ESDP is yet another vehicle for promoting economic development, often at the expense of the environment. The ESDP, together with the Strategic Environmental Impact Assessment of Structural Fund plans and programmes (which came into effect on 21 July 2004), should focus on the wider environmental, social as well as economic viability of urban and rural communities.

MEASURES AT EU LEVEL

63. The Commission will propose in 2002 a framework for transport charges to ensure that by 2005, prices for different modes of transport, including air, reflect their costs to society.

Supported by Council	Action Taken	Quality of policy actions
Yes	No	N/A

The Göteborg Council in fact went further: *'full internalisation of social and environmental costs, first measures in place by 2004'*

Here however the Commission completely failed.

64. Implement in 2003 a framework ensuring through the use of intelligent transport systems the interoperability of payment systems for road transport; promote further technological progress enabling the introduction of road pricing.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Reasonable

This was implemented. It is unclear what impact this will have on the environment.

65. Give priority to infrastructure investment for public transport and for railways, inland waterways, short sea shipping and intermodal operations. In particular, the Commission will propose in 2001, for adoption in 2003, a revision of the guidelines for the Trans European transport networks, and will promote, in the Mid-Term Review of the Structural Fund programmes, a marked reduction in the share of finance given to road transport.

Supported by Council	Action Taken	Quality of policy actions
Yes	No	N/A

The TENs are another very problematic area. The TENs guidelines revision was done in secret and to us resembles an infrastructure wish list, with many road projects, little evaluation done in advance of what the economic impacts will be, let alone environmental and social. We know that in many of the new EU Member States – the most concerned – there was no consultation between the “leading” ministry of transport and the environment ministry. The necessary consultation and integration between European Commission DGs has not been very active either.

It is true that the guidelines revision includes many railway projects. BUT these are high-speed rail links, which are expensive to build and maintain, and at the same time hundreds of kilometres of conventional railway tracks are under threat of closure across Europe, particularly in the CEE. The conventional rail tracks are not only less expensive, they are also more useful for the vast majority of Europe’s citizens.

Inland navigation, which has been given high priority, is not sustainable per se, due to its water and air pollution as well as due to the grave negative impacts on aquatic ecosystems and habitats in view of halting habitat and biodiversity loss.

Traditional approaches to inland navigation development, which are still very much in use nowadays, are totally against the ecological and chemical objectives of the Water Framework Directive in relation to preventing further deterioration of freshwater ecosystems and achieving “good status”. For example, the most ecologically precious parts of the Danube - the so-called “bottlenecks” because they currently impede navigation - could be totally destroyed if developed according to current methods.

Ecologically sustainable navigation is possible and Member States must respect existing Community environmental standards such as the Birds, Habitats and Water Framework Directives as a first step in that direction, which needs to be ensured by the European Commission.

The TENs are another very problematic area. The TENs guidelines revision was done in secret and to us resembles an infrastructure wish list, with many road projects, little evaluation done in advance of what the economic impacts will be, let alone environmental and social. It is true that the guidelines revision includes many railway projects. BUT these are high-speed rail links, which are expensive to build and maintain, and at the same time hundreds of kilometres of conventional railway tracks are under threat of closure across Europe, particularly in the CEE. The conventional rail tracks are not only less expensive, they are also more useful for the vast majority of Europe’s citizens.

66. Improve transport systems by addressing missing transport links, developing open markets and co-operation at EU level (e.g. railway liberalisation, air traffic systems). European Single Sky to be operational by 2004.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Mixed

This mixes several different things. Some are good (rail liberalisation - controversial, but in our view needed, and also proposed by the Commission), others are of dubious nature (missing links are another way of saying, 'let's build new infrastructure', often without really looking at whether or not it's really useful). It's too early to evaluate the environmental impact.

67. Promote teleworking by accelerating investments in next generation communications infrastructure and services.

NO COMMENTS FROM GREEN EIGHT

68. In 2001, start the implementation of the European Spatial Planning Observatory Network (ESPON) in order to define a set of territorial indicators to analyse the regional impacts of Community policies.

69. Assess the coherence of the zoning of different Community policies, taking account of their objectives (e.g. Natura 2000, less-favoured agricultural areas, areas eligible under the Structural Funds or for State Aids).

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Not checked

"The ESPON was established in 2001. A number of interesting projects are currently being implemented which aim to define a set of territorial indicators and analyse the regional impacts of Community Policies. First results are already available at www.espon.lu."²

70. Diversify income sources in rural areas, including by increasing the proportion of Common Agricultural Policy funds directed to rural development.

Supported by Council	Action Taken	Quality of policy actions
Yes	Unclear	Reasonable

² Letter from Director-General of DG Regional Policy, 07-05-04, commenting on an earlier version of this review from the EEB.

Rural development measures contribute to this, however the rural development budget is still too small for rural development to reach its full potential and too many demands are placed on it.

DG Regio: *“The coherence of zoning of eligible areas for Structural Funds is continuously updated and now, with the extension of the EU on May 1st, already adapted to the new situation. Moreover, the recently published 3rd Cohesion Report shows that this process is intended to be continued after 2007.”*

71. Encourage local initiatives to tackle the problems faced by urban areas; produce recommendations for integrated development strategies for urban and environmentally-sensitive areas.

Supported by Council	Action Taken	Quality of policy actions
???	In preparation	To be seen

Here a first step has been taken by the addition of the urban environment to the list of thematic strategies and the publication of the communication towards a strategy for the urban environment.

Annual stocktaking of progress

72. The Commission will report to each Spring European Council in its Synthesis Report on progress in implementing the Sustainable Development strategy.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor performance

The environmental dimension was poorly analysed in each of the three Spring Reports which the Commission published after the Göteborg Summit. The sections were relatively small, not very well integrated with the other dimensions and there was no comprehensive overview of commitments versus delivery. Only a very few items were selected for short discussion. The comprehensive overview was also not delivered in any background document.

73. The Commission will propose a small number of headline performance indicators for this purpose to the Barcelona European Council in Spring 2002. These indicators flow naturally from the long-term objectives and targets the Commission is proposing in this document.

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

There was a continuous battle to get more than a few environmental indicators incorporated in the set of structural indicators. The economic and social indicators were seen as more important. The Environment Council and DG Environment have mainly lost this battle. In the 2004 Spring Report, the three ‘environmental indicators’ of

the 14 only cover a few of all the objectives proposed - only on three specific aspects of climate, energy and transport. Crucial issues such as agriculture, resource use, chemicals and biodiversity are missing. As they have no subdivisions while some other (employment etc.) indicators have various subdivision graphs, the others outnumber the environmental indicators even more than suggested. There is an opening for adding a biodiversity indicator in 2005, and this remains to be seen.

74. *The process of integration of environmental concerns in sectoral policies, launched by the European Council in Cardiff, must continue and provide an environmental input to the EU Sustainable Development strategy, similar to that given for the economic and social dimensions by the Broad Economic Policy Guidelines and the Employment Guidelines. The sectoral environmental integration strategies should be consistent with the specific objectives of EU Sustainable Development Strategy.*

Supported by Council	Action Taken	Quality of policy actions
Yes	No	N/A

Integration is mentioned here and there in policy documents, and the Spring Summit in 2003 prolonged the formal life of the Cardiff Process. Nevertheless we do not see a structured and visible initiative from the Commission to systematically integrate these concerns. The Impact Assessment could be one tool, but it is too early to say that it does.

We have seen attempts from the Commission to integrate environment better into Agriculture and Fisheries policies, with some success. In Transport and Energy we must be very happy we have the commitment to the Kyoto Protocol, otherwise nothing would have happened. There are strongly opposite views on how the EU is integrating environmental concerns into its Trade and Development Assistance policies. In other areas, the Commission is merely neglecting environmental concerns, for example in its proposals on Public Procurement. In June 2004, the Commission published a – limited- stocktaking of the Cardiff Process, but its political impact is unclear.

There is a need for a very substantial initiative to get Article 6 central in the minds of the entire Commission and all Council formations.

Working methods need to change

75. *The Commission will improve its internal procedures to deliver more consistent policy proposals.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

See point 9 with our comments on the new style Impact Assessment.

76. *The Council of Ministers and the European Parliament should also review their working methods. The Council should change its structures to improve the co-ordination and consistency of the work of the sectoral Councils.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Dangerous

From mid 2002, the Council has less formations, but this restructuring was not at all motivated by sustainable development. We know very little about improved co-ordination, besides the recent calls to make the Competitiveness Council into a super-council. A proposal from the Belgian Presidency in the second half of 2001 to set up a standing Environment Committee to assist the Environment Council and the Commission (similar to the existing Economic and Social Committees) was rejected by other governments.

We consider the recent trends as going AGAINST sustainable development.

77. *The European Parliament should consider creating a Sustainable Development committee to give a view on the wider implications of sectoral policy proposals. This committee could consist of representatives of other committees, as is the case with the financial control committee.*

This was not done!

78. *The Commission will establish a sustainable development 'Roundtable' of about 10 independent experts offering a broad range of views, who will report directly to the Commission President in time for the preparation of the Commission's synthesis report to the Spring European Council and make recommendations to improve the coherence of Community policies.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Yes	Poor

More than one and a half years after the Commission published its sustainable development strategy, President Prodi finally launched the Roundtable, led by Mr Strauss-Kahn. The Roundtable had interesting internal discussions, but worked ineffectively and did not come up with a common position. The final report of Mr. Strauss-Kahn nevertheless is interesting.

Medium-Term Reviews

79. *The EU Strategy for Sustainable Development will be comprehensively reviewed at the start of each Commission's term of office.*

Supported by Council	Action Taken	Quality of policy actions
Yes	Not yet	To be seen

Most likely a public consultation will start mid August. The Commission will give short information about what it has done in the different areas, and then asks the public whether it feels we are on the right track. This should lead to a strengthened and/or revised strategy for the new Commission.

80. *Starting in 2002, the Commission will hold a two-yearly Stakeholder Forum to assess the EU Strategy. The Commission invites the Economic and Social Committee to join it in organising this conference.*

In September such a stakeholder Forum took place. Several NGOs participated actively. It is very doubtful that this Forum had any impact on the work of the Commission. The Commission was virtually absent, apart from President Prodi speaking in a panel that was entirely devoted to the results of Johannesburg.

The stakeholder forum must be organised by the Commission itself and with high level participation.

ANNEX 1: Communication from the Commission

A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development

The Commission's proposal to the Göteborg European Council

TOWARDS A SUSTAINABLE EUROPE

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

- World Commission on Environment and Development (the "Brundtland Commission"), 1987

"Sustainable development should be seen as a global objective" – the Brundtland Commission

At its meeting in Helsinki in December 1999 the European Council invited the European Commission "to prepare a proposal for a long-term strategy dovetailing policies for economically, socially and ecologically sustainable development to be presented to the European Council in June 2001." This paper responds to that invitation. It builds on the Commission services' consultation paper issued in March, and on the many responses to it.

Sustainable development is a global objective. The European Union has a key role in bringing about sustainable development, within Europe and also on the wider global stage, where widespread international action is required. To meet this responsibility, the EU and other signatories of the 1992 United Nations' "Rio declaration" committed themselves, at the 19th Special Session of the United Nations' General Assembly in 1997, to draw up strategies for sustainable development in time for the 2002 World Summit on Sustainable Development. This strategy forms part of the EU preparations for that summit.

Completing and building on the Lisbon strategy

Sustainable development - a broader long-term vision

Just over one year ago at Lisbon, the European Council set a new strategic goal for the Union: "to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion". The Stockholm European Council then decided that the EU sustainable development strategy should complete and build on this political commitment by including an environmental dimension. This recognises that in the long term, **economic growth, social cohesion and environmental protection must go hand in hand.**

<i>Providing a positive vision for the future</i>	Sustainable development offers the European Union a positive long-term vision of a society that is more prosperous and more just, and which promises a cleaner, safer, healthier environment – a society which delivers a better quality of life for us, for our children, and for our grandchildren. Achieving this in practice requires that economic growth supports social progress and respects the environment, that social policy underpins economic performance, and that environmental policy is cost-effective.
<i>A strategy to unleash opportunities to invest for the long term</i>	Decoupling environmental degradation and resource consumption from economic and social development requires a major reorientation of public and private investment towards new, environmentally-friendly technologies. The sustainable development strategy should be a catalyst for policy-makers and public opinion in the coming years and become a driving force for institutional reform, and for changes in corporate and consumer behaviour. Clear, stable, long-term objectives will shape expectations and create the conditions in which businesses have the confidence to invest in innovative solutions, and to create new, high-quality jobs.
<i>Focussing on the most acute threats</i>	To bridge the gap between this ambitious vision and practical political action, the Commission proposes that the strategy should focus on a small number of problems which pose severe or irreversible threats to the future well-being of European society:

| The main threats to sustainable development |

- Emissions of greenhouse gases from human activity are causing **global warming**. Climate change is likely to cause more extreme weather events (hurricanes, floods) with severe implications for infrastructure, property, health and nature.
- Severe threats to public health are posed by new **antibiotic-resistant strains of some diseases** and, potentially, the **longer-term effects** of the many **hazardous chemicals** currently in everyday use; threats to **food safety** are of increasing concern.
- One in every six Europeans lives in **poverty**. Poverty and social exclusion have enormous direct effects on individuals such as ill health, suicide, and persistent unemployment. The burden of poverty is borne disproportionately by single mothers and older women living alone. Poverty often remains within families for generations.
- While increases in life expectancy are obviously welcome, combined with low birth rates the resultant **ageing of the population** threatens a slowdown in the rate of economic growth, as well as the quality and financial sustainability of pension schemes and public health care. Spending could increase by up to 8% of gross domestic product in many Member States between 2000 and 2040.
- The **loss of bio-diversity** in Europe has **accelerated dramatically** in recent decades. Fish stocks in European waters are near collapse. **Waste volumes** have persistently grown faster than GDP. **Soil loss** and declining fertility are eroding the viability of agricultural land.

- **Transport congestion** has been rising rapidly and is approaching gridlock. This mainly affects urban areas, which are also challenged by problems such as inner-city decay, sprawling suburbs, and concentrations of acute poverty and social exclusion. **Regional imbalances** in the EU remain a serious concern.

Solving these problems calls for a new policy agenda

Very few of these unsustainable trends are new. Attempts have been made at many levels of government and society to address them. Initiatives such as local Agenda 21 have proved to be an effective means of building a consensus for change at local level. However, these efforts have so far had only limited success due to the difficulty in changing established policies and patterns of behaviour, and in bringing the responses together in a co-ordinated way. Tackling these unsustainable trends and achieving the vision offered by sustainable development requires **urgent action**; committed and far-sighted **political leadership**; **a new approach to policymaking**; widespread **participation**; and **international responsibility**.

Doing nothing may be much more costly than taking early action

- **Urgent action is needed:** Now is the time to confront the challenges to sustainability. Many of the trends that threaten sustainable development result from past choices in production technology, patterns of land use and infrastructure investment, which are difficult to reverse in a short timeframe. Although the major impacts of losses in biodiversity, increased resistance to antibiotics, or climate change may be felt only after many years, by then they may be very costly or impossible to tackle.

Political leadership is needed to take tough decisions

- **Political leadership is essential:** Strong political commitment will be needed to make the changes required for sustainable development. While sustainable development will undoubtedly benefit society overall, **difficult trade-offs** between conflicting interests will have to be made. We must face up to these trade-offs openly and honestly. Changes to policy must be made in a fair and balanced way, but **narrow sectional interests must not be allowed to prevail** over the well-being of society as a whole.

A coherent, long-term view should guide policy

- **A new approach to policymaking:** Although the Union has a wide range of policies to address the economic, environmental and social dimensions of sustainability, these have developed without enough co-ordination. **Too often, action to achieve objectives in one policy area hinders progress in another**, while solutions to problems often lie in the hands of policy makers in other sectors or at other levels of government. This is a major cause of many long-term unsustainable trends. In addition, the absence of a coherent long-term perspective means that there is too much focus on short-term costs and too little focus on the prospect of longer term “win-win” situations.

Everyone has a contribution to make. A strong EU role is essential

- **Action must be taken by all and at all levels:** Many of the changes needed to secure sustainable development can only successfully be undertaken at EU level. Clear examples arise in policy areas where the Community has exclusive legal competence, or where integrated European economies mean that uncoordinated action by Member States is likely to be ineffective. In other cases, action by national, regional or local governments will be more appropriate. However, **while public authorities have a key role**

Acting at home will provide international leadership

in providing a clear long-term framework, it is ultimately individual citizens and businesses who will deliver the changes in consumption and investment patterns needed to achieve sustainable development.

■ **A responsible partner in a globalised world:** Many of the challenges to sustainability require global action to solve them. Climate change and biodiversity are obvious examples. The Commission believes that developed countries must take the lead in pursuing sustainable development, and calls on other developed countries to accept their responsibilities as well. The Commission believes that **the EU should start by putting its own house in order**, to provide international leadership and as a first step towards achieving global sustainability. As EU production and consumption have impacts beyond our borders, we must also ensure that all our policies help prospects for sustainable development at a global level.

To meet these challenges the Commission proposes an EU strategy in three parts:

- 1: A set of **cross-cutting proposals and recommendations** to improve the effectiveness of policy and make sustainable development happen. This means making sure that different policies reinforce one another rather than pulling in opposite directions.
- 2: A set of **headline objectives and specific measures** at EU level to tackle the issues which pose the biggest challenges to sustainable development in Europe.
- 3: Steps to **implement the strategy** and **review its progress**.

ANNEX 2: Manifesto for Sustainable Investment: Investing for a Sustainable Future



socialplatform

The EU and its member states have committed themselves many times over to the goal of sustainable development and to building sustainable societies. Now the time has come to ensure that public and private money really is directed towards sustainable goods and services. For this reason the European Environmental Bureau (EEB), European Trade Union Confederation (ETUC) and the Platform of European Social NGOs (Social Platform) have launched this campaign with the aim of achieving more and better sustainable investment. This manifesto sets out a vision of how this can be achieved by action at local, national and European level, supported by all the undersigned organisations and individuals.

BACKGROUND

In 2001 in Göteborg, European Heads of State and Government committed themselves to a strategy for Sustainable Development – *“to meet the needs of the present generation without compromising those of future generations – a fundamental objective under the Treaties.”* They confirmed that this *“requires dealing with economic, social and environmental policies in a mutually reinforcing way.”* And warned: *“Failure to reverse trends that threaten future quality of life will steeply increase the costs to society or make those trends irreversible.”*

The European Council also agreed to merge this Sustainable Development Strategy with the Lisbon Process adopted in 2000, which aims to give Europe *“the most competitive and dynamic knowledge-based economy in the world by 2010, capable of sustainable growth, with more and better jobs and greater social cohesion”*.

Investing in essential goods and services in a sustainable way is fundamental to achieving these goals. However, as this cannot be achieved through the market alone, public authorities have a key responsibility to ensure that sufficient investment is directed in a sustainable way towards public goods and services such as public transport and social housing, and remove barriers for such investment. The EU and Member States must fulfil their commitments made in Lisbon and Göteborg by guaranteeing this investment, before launching any new growth initiatives. Furthermore, the necessary incentives and conditions must be created by the EU and Member States to promote private investment in sustainable goods and services. The multiplier effect of government investment is one element of this. Government investment can also act as a multiplier and encourage private funds to be invested sustainably.

OUR CALL

We, the undersigned organisations and individuals, call upon the EU and its Member States to show their sincere commitment to a sustainable future, by launching, at the Spring 2004 Summit, a major programme of public investment in quality public goods and services with combined positive social, environmental, and employment results. In particular we propose the launch of substantial new sustainable investment initiatives, focusing upon housing and transport. We want to see such initiatives to become part of the Spring Summit agreements in 2004 and thereafter.

| Promoting Sustainable Investment |

We call for the following measures to be implemented:

1. The EU must create a climate to encourage Member States to invest sustainably, by **ensuring that the Broad Economic Policy Guidelines (BEPGs), as well as other legislation and programmes, promote sustainable investment.**
2. The **EU must ensure that its own budget is invested in order to promote sustainability.** Sustainability Impact Assessments must be carried out on all EU expenditure, including the Common Agricultural Policy, the Structural Funds, and the Research programmes. Such assessments must be carried out in an open and transparent manner, with ample opportunities for citizens' organisations to contribute.
3. The **Stability and Growth Pact** must be brought into line with the Lisbon-Göteborg sustainable development objectives. The Pact must be intelligently reformed to encourage long-term public investment that brings about the changes required to promote sustainable development. In particular, long-term investment spending geared towards sustainable development should be excluded from the definition of public sector deficit.
4. Member States' commitments under the Lisbon Process should include drawing up **annual sustainable investment plans** and undertaking **ex-post assessments of national investment and financial assistance programmes.** The European Commission should then draw up an **annual synthesis report** on the basis of the national plans and assessments to be submitted to the Spring Summit and discussed there.

Member States' Sustainable Investment Plans should include:

5. Measures to encourage public authorities to give social and environmental factors a prominent place in **public procurement decisions.**
6. The redirection of **Research and Development investments** towards the required technical and socio-economic solutions to the challenge of sustainable development.
7. **Specific programmes and initiatives aimed at promoting investment** in sustainable housing, transport and other goods and services at the national, regional and local level, integrating and implementing concrete social and environmental objectives.
8. A shift from **taxes on labour to taxes on resources** to encourage sustainable investment

9. Measures to ensure sufficient means for effective **implementation and enforcement of social and environmental legislation.**

In order to encourage sustainable investment and show how this can be done, we are focusing upon two specific areas - **sustainable housing** and **sustainable transport** - and making policy recommendations in each field.

Sustainable Investment in Housing and Transport

Housing and transport are key to quality of life and social cohesion, economic and employment development, and quality of environment. Investment in these areas is key to achieving these goals, but currently much investment in housing and transport does just the opposite. Yet a real commitment from governments to turn around the way in which money is spent in these areas could make a huge difference. Our member organisations are involved all over the EU in initiatives and projects that contribute to such goals and that can show the way forward (see separate publication for examples). **We call on governments and the EU to commit to a number of targets in each area which would constitute a big step towards sustainable development.**

| What is Sustainable Housing? |

Truly sustainable housing supports social, environmental and employment goals and promotes cohesive societies. Sustainable investment in housing means ensuring that everyone has access to housing which is in good condition, secure and healthy. It means ensuring that housing developments and urban planning are socially inclusive and cohesive, generate high quality employment, prevent “forced” mobility and ensure that people can easily access their workplace. It also means ensuring that housing is environmentally sound. These goals are mutually supportive.

OUR DEMANDS FOR SUSTAINABLE INVESTMENT IN HOUSING

Social cohesion and employment:

- Support urban and social mix in cities (including generational mix), at local but also at national and European level by allocating specific budget lines.
- Aim through urban planning to bring housing, workplaces, services (such as shopping facilities) and public transport facilities closer together.
- Ensure by 2010 that in each city with over 3500 inhabitants, at least 20% of the housing stock will be affordable for people on low income (either social housing or subsidised owner-occupier schemes).
- Increase significantly access to housing for immigrants in all parts of the housing market, including the owner-occupier sector, and monitor policies in this field

Environmental measures:

- Ensure that by 2010 the price of ecological housing is the same as normal construction, through funding and use of fiscal incentives, focusing particularly on renovation and retro-fitting costs and subsidies to achieve comparable prices, as opposed to new construction.
- Improve the energy efficiency of the European housing stock by 50% in 20 years, particularly in social housing or subsidised schemes, without increasing the cost for tenants and inhabitants; implement specific schemes (including information, loans, and technical assistance) aimed at reducing energy and resource consumption for below average income groups.
- Ensure optimal use of construction materials and the responsible use of natural resources in dwellings by providing guidelines and supporting pilot projects on sustainable housing; these must be supported by awareness-raising campaigns directed at the construction sector, tenants and individuals about resource use and sustainable construction.

Social inclusion:

- Reduce fuel poverty and inadequate housing by 50% by 2010, paying particular attention to future Member States. EU programmes and specific loans schemes from international financial institutions (such as the European Investment Bank) should support policies and exchange of expertise in this field and the inclusion of sustainable housing pilot projects in the Structural Funds for new member states should be considered.
- Significantly increase efforts to combat homelessness and implement targeted social inclusion policies for homeless people
- Set clear targets for increasing the supply of homes for specific groups in need, taking into account environmental, cultural and social concerns, and develop these housing solutions with the participation of target groups. Health impacts should be taken into account in construction and regeneration activities to reduce the negative effect stemming from poor quality housing, ill-conceived urban planning and poor building materials.

General:

- **Governments should carry out a mapping of economic, environmental and social sustainability on current housing practices and evaluate progress on a regular basis**

| What is Sustainable Transport? |

Unsustainable transport has extremely high external costs – for example, health, noise and air pollution, congestion, land-take – almost all of which are caused by road transport. Unsustainable transport is the worst climate change performer, and has high social costs in terms of hindering access to goods and services to which people have a right, especially for groups such as disabled and older people and rural communities. Much current investment in transport is thus undermining progress towards EU goals both in terms of reducing emissions and achieving social inclusion.

Sustainable transport is smart, accessible to all, linked-up (intermodal), clean, and above all, transport should be largely unnecessary to access goods and services.

Sustainable investment in transport means a number of things. It means ‘sustainability-proofing’ infrastructure investments. But it also means actively seeking out better ways to invest in transport, to ensure the development of socially inclusive and environmentally responsible transport patterns develop - for example, investing in public transport services and systems. It means focusing on smarter use of existing infrastructure rather than developing new infrastructure, such as new roads or regional airports (which tend to provide few new jobs, at a very high cost). It means carefully evaluating the need for new infrastructure – on social, environmental and economic criteria – before building it. It means ensuring that all have access to transport including those living in rural communities and disabled and older people. It also means taking all these considerations into account in urban planning decisions. This translates to a more intelligent use of public money.

OUR DEMANDS FOR SUSTAINABLE INVESTMENT IN TRANSPORT:

- By 2010, at least 50% of EU and national transport investments should be spent on accessible, affordable, safer, and environmentally, socially and economically sensible alternatives to the private car. This will require immediate and progressive re-orienting of transport investments towards this target.
- By 2010, 20% of EU and national transport investment should promote more environmentally-friendly and safer modes of freight transport, and prevention of freight transport by other logistics. This includes the provision of sufficient resources for enforcement of working time legislation for road transport workers.
- Europe’s leaders should immediately call on the Commission to develop a ‘sustainability assessment’ for infrastructure projects. No EU money can be committed for transport projects until a thorough and independent assessment has been conducted of the likely social, economic and environmental impacts of the proposed project.
- Investments which will work against achieving Europe’s transport safety, air quality and Kyoto commitments, as well as investments which lead to more noise, should be discarded or re-thought.
- EU funding rules should be changed immediately to allow money to be used for smaller-scale projects like better spatial planning for sustainable transport, improvement of access by other means than the private car, public transport improvement and inner city walking and cycling infrastructure.

- By 2010, all passenger transport investments with European and national public money must focus on providing citizens with access rather than mobility for its own sake – this means favouring public transport of quality and un-motorised transport over private car transport and ensuring that public transport is fully accessible, paying particular attention to disabled and older people, rural communities, and areas which have a high density of people living on low incomes. In addition, investments should encourage transport prevention by providing access to services within shorter distances or electronically.

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