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ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS**

**on the**

**Mid-term review of the Sixth Community Environment Action Programme**

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## 1. INTRODUCTION

Environmental politics are at the centre of the European Union's mission to bring prosperity and security to Europe's citizens within a framework of social solidarity. 2006 has been a turning point and environmental issues are increasingly becoming integrated into the heart of government.

Delivering a "Europe of Results" is a priority for this Commission, and the European Union's environment policy has been one of the Union's success stories in terms of providing tangible benefits for its citizens. EU legislation lies behind some 80% of national environmental legislation. It is responsible for major improvements in air and water quality and the elimination of pollutants such as lead in petrol. It allows the EU to assume global leadership on questions such as climate change. To ensure its long-term sustainability, the EU economy needs to be based, inter alia, on sound environmental principles and EU environment legislation aims to provide such a basis. The pursuit by the Commission of a high level of environmental protection also encourages eco-innovation, which when achieved promotes industrial efficiency and new employment.

Environmental issues are a major concern for the European public. According to *Eurobarometer*, 72% of EU citizens believe that environmental factors influence their quality of life "very much" or "quite a lot"<sup>1</sup>. The public is well aware that pollution does not stop at national borders and environment is one of the policy areas where there is most public support for EU action<sup>2</sup>.

Over the last 30 years the EU has built a comprehensive legislative framework for environmental protection and this process has been guided by strategic Environmental Action Programmes. The Sixth Community Environment Action Programme (6<sup>th</sup> EAP)<sup>3</sup> establishes the Community framework for environment policy for the period from July 2002 to July 2012. It represents the environmental dimension of the EU's Sustainable Development Strategy and sets out environmental priorities with a particular focus on four issues:

- climate change;
- nature and biodiversity;
- health and the quality of life; and
- natural resources and waste.

For each of these priority areas, the 6<sup>th</sup> EAP sets out specific objectives and priority actions. The 6<sup>th</sup> EAP also addresses a number of cross cutting issues - that include the overall formulation and implementation of environmental policies. It also sets out a number of strategic principles.

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<sup>1</sup> Special Eurobarometer 217 "The attitudes of European citizens towards environment", Fieldwork November 2004, published April 2005.

<sup>2</sup> The May 2006 Eurobarometer survey found that 72% of European citizens felt that for the protection of the environment more decision-making should take place at a European level.

<sup>3</sup> Decision No 1600/2002/EC (OJ L 242, 19.9.2002, p. 1).

This mid-term review addresses three distinct questions. Firstly, it assesses the extent to which the Union is currently meeting the commitments made in the 6<sup>th</sup> EAP. Secondly, it considers the most recent scientific evidence to judge if the approach set out in the original 6<sup>th</sup> EAP is sufficient to meet the current environmental challenges. Thirdly, it considers if the EU's strategic approach to environmental policy should be reassessed in light of the changed political context since 2002 taking particular account of the recently revised EU Sustainable Development Strategy, the Lisbon Strategy for growth and jobs and the Commission's Better Regulation agenda. In the light of this assessment the review concludes on the extent to which the Community's priorities need to be revised for the period up to July 2012.

## **2. STATE OF THE ENVIRONMENT**

The starting point for environmental policy is a scientific understanding of the state of our environment. Policy makers need to understand the extent to which environmental problems are getting better or getting worse. In those areas where the situation is worsening the challenge is to develop new and ambitious policy responses.

One main finding on the current situation of Europe's environment<sup>4</sup> is that the EU's environment policies have improved the quality of life for its citizens and that considerable progress has been made in areas such as reduction of greenhouse gas emissions, wetland conservation, sustainable forest practices and waste management. However, the overall conclusion is that despite the progress made the magnitude of many environmental challenges is also increasing and Europe is not yet on the path towards a genuinely sustainable development.

## **3. GROWTH, JOBS AND THE ENVIRONMENT**

In June 2006, the European Council adopted a renewed Sustainable Development Strategy (SDS) for an enlarged EU<sup>5</sup>. It confirmed that sustainable development is the overarching objective of the European Union that governs all the Union's policies and activities. The 6<sup>th</sup> EAP provides the environmental dimension of the SDS<sup>6</sup>.

The concept of sustainable development is underpinned by the synergies that exist between the economic, social and environmental elements. A clean and healthy environment is essential for human well-being and good social conditions. However, well designed environmental policies can also contribute to other objectives of increasing competitiveness, stimulating economic growth and enhancing job creation.

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<sup>4</sup> The European Environment Agency's report on the state of the environment "State and Outlook (2005)" is the main scientific report used in the preparation of the Communication but since the publication of the 6<sup>th</sup> EAP the scientific understanding of the scale and urgency of environmental challenges has improved – most notably due to the work of the International Panel on Climate Change, the Stern Report on the economic impact of climate change and the publication of the Millennium Ecosystem Assessment.

<sup>5</sup> Council of the European Union, 9 June 2006, document 10917/06.

<sup>6</sup> See Article 2(2) of the 6<sup>th</sup> EAP.

## **The costs of inaction**

Pollution can be understood as an example of "market failure" and has very real economic costs. When designing policy it is therefore essential to identify and address the "costs of inaction". For example, air pollution results in losses in productivity and medical expenses that cost the EU economy € 14 billion each year<sup>7</sup>.

It is also necessary to consider that the cost of early preventative action is many times less than cleaning up damage that has already occurred. This point was underlined in the October 2006 Stern Review on the Economics of Climate Change which concluded that limiting temperature rises to safe levels would cost approximately 1% of global GDP while the cost to the global economy of a business as usual approach would be up to five times as much. The *Millennium Ecosystem Assessment* not only documented the loss of eco-system services but concluded that this results in major economic losses.

## **A driver of innovation and resource efficiency**

The need to improve environmental performance can trigger innovation which, in turn, contributes to competitiveness. Companies can achieve 'first mover advantages' by marketing their environmental solutions and innovations to other companies. A good example is wind energy where the EU is a world leader.

Reducing pollution can also lead to more efficient production processes. The resulting improvements in resource and energy efficiency can boost productivity while simultaneously reducing dependency on suppliers outside the EU.

Environment policy has helped the development of the booming sector of environmental technologies. The annual turnover of European eco-industries is € 227 billion which represents approximately 2.2% of EU GDP. The sector accounts for 3.4 million full time jobs – or 1.7% of total EU employment<sup>8</sup>.

The EU's environmental standards also contribute to Europe's prosperity by underpinning the single market. Without common standards we run the risk of "Eco-Protection" where national rules act as barriers to trade.

Integrating environmental considerations into corporate strategies can also bring benefits for individual companies. In addition to increased innovation and productivity this can bring stronger branding, an improved corporate image, and new market opportunities (for example by exploiting the opportunities offered by Green Public Procurement).

Meeting environmental challenges also requires co-ordinated interdisciplinary research and innovation. This consideration is one of the main reasons for the Commission's proposal to establish the European Institute of Technology which aims to pull together the best resources and expertise to deliver technological solutions to environmental problems.

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<sup>7</sup> This figure does not take into account the costs of damage by air pollution to ecosystems and to agricultural productivity.

<sup>8</sup> European Commission, DG Environment, "Eco-industry, its size, employment, perspectives and barriers to growth in an enlarged EU", September 2006, final report.

## 4. ASSESSING THE 6<sup>TH</sup> EAP PRIORITIES

To respond to the scientific reality, to deliver a "Europe of Results" in an area where citizens are demanding action, and to provide sustainable economic growth the EU needs a forward-looking and ambitious environmental policy. In each of the priority areas identified by the 6<sup>th</sup> EAP there are outstanding challenges that need to be addressed.

### 4.1. Climate Change

The 6<sup>th</sup> EAP recognises climate change as *"an outstanding challenge for the next 10 years and beyond"* and aims to contribute to the long-term objective of *"stabilising greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system"*<sup>9</sup>.

Since the adoption of the 6<sup>th</sup> EAP our understanding of the risks linked to climate change has improved and our response must be changed accordingly. For the EU there are three main issues.

Firstly we have to get our own house in order by cutting EU emissions of greenhouse gasses and making the shift towards a low carbon economy. Each Member State has committed itself to legally binding targets under the 'Burden Sharing Agreement'<sup>10</sup> in order to reach the Kyoto target. The EU-wide Emissions Trading Scheme (ETS)<sup>11</sup> has been successfully launched and is a mechanism that can be developed into a global scheme for limiting emissions. Progress towards the EU reduction commitment under the Kyoto Protocol is broadly on track but achieving the target will require additional efforts<sup>12</sup> from all sectors and in particular energy, transport, industry and agriculture.

In March 2007 the European Council endorsed the Commission's proposal for an energy and climate package. It made an independent commitment to reduce emissions of green house gasses by at least 20% by 2020 and concluded that the reduction target would be increased to 30% in the context of an international agreement that includes other industrialised countries. As a part of the package the Council set binding 2020 targets of 20% for renewable energy production and 10% of consumption for biofuels. It also stressed the need to increase energy efficiency in the EU<sup>13</sup> and set the objective of reducing the EU's energy consumption by 20% compared to projections for 2020.

The key challenge for the EU will be delivering on these political commitments and important next steps will be widening the ETS to cover more sectors (such as aviation) and to cover more gases. The Commission will also look to improve the effectiveness of the ETS through, among other things, a wider use of auctioning. the EU also needs to encourage the take up of renewable energies and increase research into new technologies such as carbon sequestration

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<sup>9</sup> See Article 2(2) of the 6<sup>th</sup> EAP.

<sup>10</sup> Decision 2002/358/EC (OJ L 130, 15.5.2002, p. 1).

<sup>11</sup> Directive 2003/87/EC (OJ L 275, 25.10.2003, p. 32).

<sup>12</sup> The EU is committed under the Kyoto Protocol to reducing greenhouse gas emissions by 8% from 1990 levels by 2008-2012.

<sup>13</sup> This is a particular issue in the new Member States where there is a significant potential for energy savings.

and storage, the use of hydrogen as a fuel and second generation bio-fuels<sup>14</sup>. As the necessary technologies are developed a supportive regulatory framework will also need to be elaborated. In order to set an example to other public institutions the Commission will set out a strategy for reducing its own carbon footprint by the end of 2007.

To tackle climate change effectively, much greater reductions of greenhouse gas emissions will be needed at global level and this is why the second challenge is "climate diplomacy". The EU is responsible for around 14% of the world's greenhouse gas emissions<sup>15</sup> – a figure that will decrease as countries such as China and India continue to develop. The EU is committed to engaging with third countries in order to build support for a global agreement on greenhouse gas emission limitations when the first Kyoto Protocol period ends in 2012. This means convincing the United States, and other countries, that it is in their own interests to be at the forefront of the fight against climate change.

A global response will also mean finding a way to allow developing countries to continue economic growth with the least competitive distortions, but with decreasing growth in emissions. There will need to be an increase in technical assistance and technology transfers. Climate change, in all its dimensions (energy, development, transport, health), is increasingly part of the EU's core external policy. If we are to define the global response then both the Commission and Member States will need to set diplomatic priorities (and allocate resources) accordingly. A specific and urgent challenge will be developing a mechanism to stop and then reverse global deforestation which is responsible for 20% of greenhouse gas emissions.

The third challenge is adaptation to climate change. Expected changes in temperature and precipitation as well as increased climatic variability will have an effect on agricultural production patterns. The risk of extreme weather events - such as heat-waves, flooding, droughts and forest fires - will increase. Infrastructure will have to be built to take account of rising sea levels. The range of diseases will move as temperatures change. We are only just beginning to see the actual impacts of climate change but the need for adaptation must be built in to all relevant European and national policies. In 2007, the Commission will present a Green Paper on adaptation to climate change which will put forward options for action.

#### **4.2. Nature and Biodiversity**

The 6<sup>th</sup> EAP confirmed the EU's objective of halting the loss of Europe's biodiversity by 2010. At the global level the EU shares the objective of significantly reducing the loss of global biodiversity by the same date.

In May 2006 the Commission published a strategy on how to meet these objectives. The main conclusion of the strategy is that inside the EU the policy framework is already largely in place – most importantly with the NATURA 2000 network of protected areas. The priority for the EU must be the full and effective implementation of existing legislation.

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<sup>14</sup> First-generation biofuels mainly produced from food crops and using the most efficient production methods lead to greenhouse emissions savings (30-50% lower than the conventional fuels they replace). However, the greenhouse gas savings and the overall environmental impact depend on the production pathways, including the crops used as feedstock. In developing countries the cultivation of crops for first generation biofuels may also increase pressure towards deforestation if it leads to additional clearing of forest land. Higher greenhouse emissions savings are expected with second generation biofuels (up until 90%).

<sup>15</sup> [http://ec.europa.eu/environment/climat/pdf/cc\\_factsheet\\_aug2005.pdf](http://ec.europa.eu/environment/climat/pdf/cc_factsheet_aug2005.pdf)

NATURA 2000 is the cornerstone of our policy to protect Europe's biodiversity. It sets a model for nature protection – science-driven, legally enforceable and based upon ecosystems as the basic unit. Four major challenges will be making sure that available EU funds are fully used for nature protection, extending NATURA 2000 to cover marine areas, completing the designation of sites in the Member States that have joined the Union since 2004, and understanding and then responding to the impact of climate change on the network.

The strategy identifies areas where new policy initiatives should be developed. One will be addressing the impact of trade on biodiversity. Another will be developing an EU response to the problem of invasive species. In order to improve our decision-making, at EU and national levels, a better way of evaluating the costs and benefits related to natural capital and ecosystem services needs to be found.

The strategy also addresses the issue of global biodiversity loss where, despite the important work carried out by the Convention on Biological Diversity (CBD), progress has been limited. The scale of the challenge faced means that additional approaches are needed and most importantly a way has to be found to make it economically interesting to protect bio-diversity. Appealing to nature's intrinsic value is not going to be enough on its own. The EU will work to advance the work on access to and sharing of the benefits from genetic resources. This will also mean that developed countries should increase the amounts of development funding for biodiversity projects and should commit to further removing environmentally damaging subsidies.

It will be necessary for the EU to step up efforts to stop deforestation which, in addition to its impact on climate change, is one of the most important reasons for global biodiversity loss. Illegal logging is a major problem and the Commission recently began negotiations with Malaysia, Ghana and Indonesia under the Forest Law Enforcement, Governance and Trade (FLEGT) agreement. The objective is to ensure that timber imported from partner countries is legally harvested. To complement this process, the Commission will present a further proposal on the marketing of tropical timber. The Commission will also explore innovative approaches such as attaching an economic value to stop global deforestation.

Bottom-trawling is a practice which is highly destructive to the ocean floor and poses significant risks to marine biodiversity. The UN General Assembly has reviewed the status of this key issue and issued guidance<sup>16</sup> on measures aimed at the protection of vulnerable marine ecosystems. The Commission will propose legislation to implement this Resolution by establishing legal requirements on the assessment and prevention of the impacts of bottom fishing gears, identification and closure of vulnerable areas, and sharing of information.

The Commission's objective is to continue working with Member States in order to introduce eco-system based management for the worlds' fisheries and to eliminate destructive fishing practices on the High Seas. The Union will continue its support of a continued international moratorium on commercial whaling.

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<sup>16</sup> Resolution 61/105.



### 4.3. Environment, health and the quality of life

The 6<sup>th</sup> EAP aims at "... *providing an environment where the level of pollution does not give rise to harmful effects on human health and the environment*"<sup>17</sup>.

Four pieces of legislation form the foundation of the EU's approach to limiting environmental threats to human health: the Water Framework Directive<sup>18</sup> (adopted in 2000), the 2006 Regulation on the Registration, Evaluation and Authorisation of Chemicals (REACH)<sup>19</sup>, the current proposal for a directive on ambient air quality and cleaner air for Europe<sup>20</sup>, and the proposal for a framework directive on pesticides<sup>21</sup>.

These initiatives are either relatively new or are still being considered by the EU institutions. The medium term priority will be working with all stakeholders to ensure their effective implementation.

Efforts on national implementation of the Water Framework Directive need to be stepped up and in order to do this sufficient funding should be made available by national authorities. Improved implementation of the Urban Waste Water Treatment Directive<sup>22</sup> and groundwater legislation will substantially reduce point-source emissions.

The Thematic Strategy on Air Pollution<sup>23</sup> proposes action to deal with small particles and also tackles other forms of air pollution. Realising the objectives set out in the strategy will require the adoption and subsequent implementation of the Directive on ambient air and cleaner air for Europe, as well as the adoption of supporting Community measures such as legislation on heavy duty vehicle emissions and the revision of the existing legislation on industrial emissions (IPPC Directive).

The REACH regulation aims to ensure a high level of protection of human health and the environment, including the promotion of alternative methods for assessment of hazards of substances, as well as the free circulation of substances on the internal market while enhancing competitiveness and innovation. It will lead to better and earlier identification of the properties of chemicals (and innovative substances) and to the identification and application of appropriate risk management measures.

To shape the next generation of environment policies, the Commission will assess whether there are gaps in existing measures that need to be addressed, such as the cocktail effect of chemicals. Whilst respecting the principle of subsidiarity, the Commission will continue to look at ways to improve the urban environment (where over 70% of the EU population resides). The Commission will also work to improve public information on environmental pollution and adverse health impacts.

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<sup>17</sup> See Article 2(2) of the 6<sup>th</sup> EAP.

<sup>18</sup> Directive 2000/60/EC (OJ L 327, 22.12.2000, p. 1).

<sup>19</sup> Regulation (EC) No 1907/2006 of 18 December 2006 (OJ L 396, 30.12.2006, p. 1).

<sup>20</sup> COM(2005) 447, 21.9.2005.

<sup>21</sup> COM(2006) 373, 12.7.2006.

<sup>22</sup> Directive 91/271/EEC of 21 May 1991 (OJ L 135, 30.5.1991).

<sup>23</sup> COM(2005) 446, 21.9.2005.

#### 4.4. Natural Resources and Wastes

The 6<sup>th</sup> EAP aims at *"better resource efficiency and improved resource and waste management, to help bring about more sustainable patterns of production and consumption"*<sup>24</sup>.

Increasing commodity prices are a signal that the supply of natural resources is finite. The EU's social and economic development must take place within the carrying capacity of ecosystems. The amount of waste continues to grow and the inability to break the link between economic growth and the environmental impacts of resource use, consumption and waste remains an essential concern.

The Thematic Strategy on Waste Prevention and Recycling<sup>25</sup> provides the basis for future EU waste management policy. The implementation of the Strategy, including the proposed framework Directive on Waste<sup>26</sup>, the Landfill Directive and the Waste Shipment Regulation, will be a priority over the coming years. Particular urgency will be paid to the sectors that are responsible for the greatest use of resources (housing, transport and food production) and to areas where implementation gaps have been identified. The Commission is committed to halt illegal shipments of hazardous waste to third countries and will adopt the measures necessary to better implement EU legislation in this area.

The 6<sup>th</sup> EAP aims to decouple economic growth from environmental degradation. The Thematic Strategy on the sustainable use of natural resources<sup>27</sup> provides a long-term framework for achieving this objective and takes the first steps towards making the EU the most resource-efficient economy in the world.

The Thematic Strategy on the prevention and recycling of waste and the closely linked revision of the Waste Framework Directive contribute to this goal. They underscore the importance of life-cycle thinking in implementing the "waste hierarchy" that, as a guiding principle in waste policy, calls in its first three steps for waste prevention, re-use and recycling in descending order of priority.

In 2007, the Commission will also propose an EU Sustainable Consumption and Production Green Paper, aiming to reverse unsustainable patterns of consumption and production in sectors most concerned taking account of the impacts over the full life cycle of products.

### 5. PERSPECTIVES FOR BETTER POLICY-MAKING

#### 5.1. Enhanced international co-operation

The international dimension of environment policy is increasingly important for a number of interlinked reasons. Many of the most serious environmental problems, such as climate change, are global in nature. The quality of the European environment is also dependent on

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<sup>24</sup> See Article 2(2) of the 6<sup>th</sup> EAP.

<sup>25</sup> COM(2005) 666, 21.12.2005.

<sup>26</sup> COM(2005) 667, 21.12.2005.

<sup>27</sup> COM(2005) 670, 21.12.2005.

the approach taken by our neighbours. Efforts to improve the quality of the Mediterranean, Baltic and Black Seas will only succeed if a regional approach is taken<sup>28</sup>.

Some aspects of globalisation, including trade liberalisation, could if unchecked have damaging environmental impacts. There is also an increasingly clear link between environment degradation and global poverty and between environmental security and political security. Encouraging sustainable development in our international partners will help us meet other external policy objectives – including the Millennium Development Goals. Against this context the new European Consensus on Development sets the eradication of poverty in the context of sustainable development, as the primary and overarching objective of EU development cooperation.

Europe is a densely populated and an economically advanced continent which means that we use more environmental resources than we produce. This needs to be addressed if the EU is to reduce its contribution to global pollution and resource depletion. At the same time, we are dependent on using the environmental resources of third countries and have a strong interest that these resources be used in a sustainable manner.

Taken together, these considerations mean that Europe's external actions must address environment policy on a number of different levels. In the coming years the Commission will concentrate on:

- Promoting sustainable development worldwide and further mainstreaming environmental considerations into all EU external policies – not only our development assistance but also trade and the Common Foreign and Security Policy. In response to the 2006 Court of Auditors report which highlighted the shortcomings of development policies, programmes and projects will take adequate account of environmental requirements<sup>29</sup> and a new environment integration strategy will be drawn up.
- Effective "environmental diplomacy" will mean linking environmental objectives with other international negotiations. It will be necessary to use the full potential of trade and cooperation agreements at regional or bilateral levels. The EU will continue to promote sustainable development issues in the context of WTO negotiations. In the ongoing multilateral trade round in the WTO the EU is working towards commitments to liberalise trade in environmental goods and services. Furthermore, the Commission will work to ensure that there is more coherence between the positions taken at different international fora – for example at the World Trade Organisation and the Convention on Biological Diversity. The Commission will also aim to develop closer working links with activities of the main International Financing Institutions.
- The negotiations for Free Trade Agreements with partners in Asia and Latin America will be an opportunity to boost trade in sustainable goods and services. The EU will use these upcoming negotiations to discuss specific trade liberalisation commitments that have direct environmental benefits as well as commitments to the effective implementation of Multilateral Environmental Agreements.

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<sup>28</sup> COM(2007) 160: Black Sea Synergy - a new regional co operation initiative.

<sup>29</sup> European Court of Auditors: Special Report No 6/2006: The environmental aspects of the Commission's development co-operation.

- Promoting our environmental policies and requirements. One of the EU's greatest contributions to environment protection has been encouraging the spread of our own high requirements. Intensive preparatory work meant that following enlargement the 12 new Member States have been able to adopt the environment policies and norms of the EU<sup>30</sup>. Similar work continues with current candidate and potential candidate countries. All action plans under the European Neighbourhood Policy contain specific actions to promote good environmental governance, convergence with the EU and mainstreaming of the environment into sectoral policies. EU environmental standards are also promoted in ongoing activities with Russia.
- Promoting the transfer of technology and/or resources with developing countries as an incentive for them to address global problems such as climate change. The EU should take the lead in promoting this principle and in developing instruments that can make it operational including a supportive regime for intellectual property rights. To enhance cooperation with developing countries in areas of climate change adaptation and mitigation, a Global Climate Policy Alliance will be set up.
- Working with Member States in order to develop regional/country support strategies that adequately address environment and natural resource management issues.
- Intensifying, together with Member States, the dialogue with key emerging economies such as China, India, Brazil, Ukraine and South Africa. The priority over the coming years will be to move beyond dialogue and towards the development and implementation of joint programmes in areas of mutual concern such as climate change, waste management and illegal logging.
- Improving international environmental governance where a priority is to upgrade the United Nations Environment Programme (UNEP) by establishing a UN Environment Organisation (UNEO) with a strengthened mandate and adequate, predictable financing.
- Setting up an International Panel on the Sustainable Use of Natural Resources and supporting a global system to monitor the levels of biodiversity (in particular as regards forests).
- Making sure that European environmental policy concerns are also taken forward in coordination with Member States in specialised organisations such as the International Maritime Organisation and the International Civil Aviation Organisation.

## **5.2. "Better Regulation" principles in environmental policy-making**

Better regulation means achieving policy objectives – such as protecting the environment – as effectively as possible while ensuring that unnecessary administrative burdens are avoided. Better and simpler legislation is also one of the best ways of improving implementation which in turn improved the quality of the environment. In the coming years, the Commission will focus on strengthening the Better Regulation agenda in environment policy-making by:

- using the market to deliver environmental results;

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The net impact has been a significant improvement in the state of the environment in the EU.

- simplifying the existing regulatory environment and reducing administrative costs;
- cooperating fully with civil society when developing environmental policies and developing a close working relationship with industry in order to promote sustainable development agenda;
- promoting the dissemination of good regulatory practices; and
- streamlining reporting requirements while improving the quality of environmental information.

### **Using the market to deliver environmental results**

Well designed regulation is the foundation of the EU's environmental policies, but market mechanisms can be used as a part of the policy mix in order to deliver environmental objectives in a cost-effective manner and to contribute to effective implementation. The Emissions Trading System is one example and Commission has recently adopted a Green Paper on market-based instruments for environment and related policy purposes<sup>31</sup>. The 2007 revision of the IPPC Directive will also consider if market-based mechanisms can be used to strengthen implementation and to promote innovation.

Using the market also means finding a mechanism to put a correct valuation on environmental goods and services. An important instrument which can influence consumer behaviour is the optimal use of environment related taxation<sup>32</sup>. However, these taxes need to be applied such a way as to avoid distorting the functioning of the internal market and to maximise the environmental benefit. There is also a strong argument for shifting the tax burden away from areas the EU is trying to promote, such as employment, and onto resource and energy consumption and/or pollution. The EU is also committed to removing environmentally damaging subsidies and by 2008 the Commission will put forward a roadmap for the reform, sector by sector, of these subsidies with a view to eliminating them.

Against this context it will be useful for policy makers to be able to measure progress, wealth and well-being in a way that incorporates social and environmental costs and benefits. Gross Domestic Product (GDP) is the best-recognised measure of economic performance and is often regarded as a proxy indicator of human development and well-being. However, the relationship between economic growth as measured by GDP and other dimensions of sustainable development is not straightforward<sup>33</sup>. To bring these issues to the forefront of the environmental debate the Commission will sponsor a major conference during 2007.

Following on from the recommendations made in the Sustainable Development Strategy the Commission will also work to improve the environmental performance for products and processes and encouraging their uptake by business and consumers. The Commission will propose an extension of performance labelling schemes from electrical appliances and cars to

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<sup>31</sup> COM(2007) 140, 28.3.2007.

<sup>32</sup> Growth, Competitiveness, Employment: The Challenges and Ways Forward into the 21st Century - White Paper - COM(93) 700, chapter 10.

<sup>33</sup> For example, GDP does not measure the sustainability of growth and a country may achieve a temporarily high GDP by over-exploiting natural resources or by misallocating investment. Even large-scale natural disasters such as the South Asian Tsunami or Hurricane Katrina can show up (in a perverse way) as positive for GDP.

other groups of products.. The Commission will also take the lead in a regular EU-wide benchmarking of Green Public Procurement performance with the aim of having, by 2010, an EU average level of Green Public Procurement that is equal to the current levels in the best performing Member States.

### **Simplification, codification and reduction of administrative burden**

The Commission envisages revising a number of important legal instruments, with a view to further simplification, codification and reduction of administrative burden. The objective will be to improve their effectiveness in delivering environmental objectives while at the same time reducing the administrative and implementation costs for businesses.

### **Working Closely with Stakeholders**

The Commission will continue to work closely with civil society when formulating environmental policies. Non Governmental Organisations (NGOs) are the institutions most trusted by the public when it comes to environmental issues<sup>34</sup>, NGOs often have technical expertise that is essential when designing effective policies. They can also provide an invaluable link between policy makers and Europe's citizens.

A better approach to regulation also requires a good working relationship with industry – who are ultimately responsible for implementing the majority of environmental laws. Many industry leaders have internalised the environmental agenda into their business models and the Commission will enter into an active dialogue with these leading industries. The Commission will also build on its dialogue with business, trade unions and NGOs in order to develop ambitious business responses - such as corporate reporting - which go beyond existing minimum legal requirements.

The Commission and Member States will need to continue efforts to promote eco-innovations and environmental technologies as industry can make important contributions on environmental protection. The key to this will be full implementation of the Environmental Technologies Action Plan and complementary measures. The Commission will seek to integrate support for environmental products, services and processes into its industrial policy as well as its environmental policy. When the Union's research and technology policy is re-examined in 2008, it should be given an even greater environmental focus.

There is also a need to improve the functioning of the voluntary instruments that have been designed for industry: EMAS and Ecolabel. These tools have a great potential but have not been fully developed. The Commission will revise these schemes in order to promote their uptake and reduce administrative burdens in their management.

### **Promoting good regulatory practices**

The Commission will improve the monitoring of policy effectiveness and promote a more structured dissemination of good practices. Research from the European Environment Agency has shown that the administrative costs in some Member States for implementing environmental laws are much lower than in others. By turning best practices into standard

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<sup>34</sup> Eurobarometer 217 “Attitudes of European citizens towards the environment” (April 2005).

practices we will reduce these costs and increase the environmental effectiveness of our policies.

### **Simplified and improved environmental information**

The development and implementation of environment policy depends on robust and reliable information on the state of the environment, the pressures and impacts on it, and the drivers for change. The current supply and coverage of information on environmental issues remains patchy and data quality is variable. Ongoing efforts to modernise the way information is created and exchanged will be stepped up, in particular by the development of a Shared Environmental Information System (SEIS) to ensure wide availability of the information needed to develop and implement environment policy, while cutting unnecessary administrative burdens on Member State authorities.

### **5.3. Promotion of Policy Integration**

The integration of environmental concerns into other policy areas is one of the basic principles of environmental policy. It is enshrined in Article 6 of the EU Treaty – but progress has been mixed. In the agricultural sector there have been fundamental reforms over the last 15 years that have moved towards seeing farmers as stewards of nature. However, the integration of environmental concerns into other areas has been less successful. The Cardiff process – which was set up in 1998 in order to institutionalise this type of integration – has not lived up to expectations.

Impact assessments are now a standard feature of the policy making process and there is scope for greatly improving the assessment of the environmental impact that other policies will have. The Commission is committed to improving the ability of these assessments to measure environmental, economic and social impacts of its policy proposals. The Impact Assessment Board will be an important tool for achieving this and sufficient resources should be made available to ensure that all impact assessments include an assessment of the effects on sustainable development.

To improve the assessment of environmental impacts at national level the Commission will review the effectiveness of Directives on Environmental Impact Assessments and Strategic Environmental Assessments. The Commission will seek to speed up these procedures while ensuring that the protection of the environment is not compromised<sup>35</sup>.

The Commission will explore all possibilities to further integrate environmental concerns into other policies, for example agriculture, research and development policy. Plans and projects financed by the EU must comply with EU law, including environmental law. Cross-compliance has proved to be effective in contributing to the integration of environmental concerns into the Common Agricultural Policy and the Commission will investigate whether this tool could be usefully extended to other policy areas, such as fisheries and transport.

The Commission will produce a strategic framework in order to address the issue of policy integration. It will pay particular attention to the sectors where there is the greatest potential

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<sup>35</sup> For instance, in its Priority Interconnection Plan, which is a part of the Energy Package adopted by the Commission on 10 January 2007, the Commission already proposed to reduce planning and approval procedures to a maximum 5 years for TEN-projects of European interest.

for policy synergies in order to improve the quality of the environment (agriculture, fisheries, transport, energy, regional and industrial policy and EU external relations). At the Member State level, different Council formations should produce annual reports on how they have dealt with the obligation to integrate environmental issues into their work.

#### **5.4. Improved implementation and enforcement**

After 35 years of legal development a common environment policy framework is now in place. However, the high number of complaints and infringement procedures are a sign that the implementation of environmental legislation remains far from satisfactory. Only by ensuring the correct implementation of the *acquis* will it be possible to realise environmental objectives. Effective implementation is also a key element of the Better Regulation agenda and is needed to avoid a distortion of competition and to keep the single market running smoothly. This is a particularly important challenge following enlargement - with new Member States having to digest the *acquis* in a single go. The Commission will work together with Member States to increase in the overall ability of environmental institutions to successfully implement EU standards.

The Commission will also encourage Member States to make use of funding opportunities at EU level, to ensure that their programming of expenditure under the various instruments<sup>36</sup> contributes to improved implementation of EU environmental legislation.

In 2007, the Commission will draw up a revised strategy on implementation and enforcement of EC environment law. This strategy will focus particularly on the systematic implementation failures that have been identified and will encourage the use of a mix of legal and non-legal instruments.

Taking into account a relevant judgement of the Court of Justice<sup>37</sup>, and the urgency of the matter as illustrated by the lethal dumping of toxic waste in the Ivory Coast, the Commission has proposed a Directive on the protection of the environment through criminal law<sup>38</sup> which aims at improving the deterrence and prosecution of environmental crime.

## **6. CONCLUSIONS**

After half a century of “building Europe”, the EU's environment policy has become one of its major achievements. There have been substantive reductions of harmful emissions into air and water, waste is better managed, and there are fewer harmful chemical substances. All this has improved human health. It has helped European industry to become world leader in a number of high growth sectors and created millions of jobs.

Despite the progress that has been made the EU's level of ambition needs to be increased. The 5<sup>th</sup> Environmental Action Plan was adopted in 1992 with the title “Towards Sustainability” and in 1999 sustainable development was fixed as one of the treaty-based objectives of the

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<sup>36</sup> Cohesion Policy instruments, European Agricultural Fund for Rural Development, European Regional Development Fund, European Social Fund, European Fisheries Fund, Research and Competitiveness and Innovation framework programmes, and under the new single instrument for the environment, LIFE+.

<sup>37</sup> C-176/03, 13 September 2005.

<sup>38</sup> COM(2007) 51.



European Union. However, the EU is not yet on the path of sustainable environmental development. There has only been limited progress with the fundamental issues of integrating environmental concerns into other policy areas and improving the enforcement of EU legislation. Many environmental pressures are actually increasing: global emissions of greenhouse gasses are rising, the loss of biodiversity is accelerating, pollution still has a major effect on public health, the amount of waste produced inside the EU continues to increase, and our ecological footprint is steadily growing.

Climate change, biodiversity, health and resource use remain the most pressing environmental challenges and the 6<sup>th</sup> EAP is still the correct framework for future action at Community level. The EU is generally on-track with adopting the measures outlined in the Action Programme. However, five years into a ten-year Programme it is too early to see the results of most of the measures proposed under the 6<sup>th</sup> EAP. Many have only recently been adopted and ensuring implementation will therefore be the immediate priority of the Commission.

A review of the most recent scientific situation does reveal several gaps between the objectives set in the 6<sup>th</sup> EAP and the measures set out for achieving these objectives. In these areas existing measures will have to be strengthened or new measures adopted.

The environment is a policy area where the EU can deliver tangible benefits for its citizens in the form of an improved living and working conditions. It is also a policy area where a significant majority of European citizens support further and even more effective action. As the EU celebrates its first 50 years - and looks towards the next 50 years - it is clear that developing and implementing policies that can effectively protect Europe's environment will be at the heart of the European "project". For the period until 2012 implementing and building upon the 6<sup>th</sup> EAP will be at the centre of this work.