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Subject: Greening the European Semester  
- Exchange of views  
= Contributions from delegations

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Delegations will find in the Annex a contribution from UK to the exchange of views on Greening the European Semester at the Environment Council on 3 March 2014.

UNITED KINGDOM**General comments**

- The UK welcomes and supports the delivery of the objectives on sustainable growth; greening the economy; and safeguarding natural capital. Action in these areas should make an important contribution both to economic growth, maintaining business competitiveness and in providing employment opportunities.
- However, the UK has concerns at the use of the European Semester as the vehicle for pursuing the actions necessary to accomplish these objectives. There is a danger that the benefits of the Semester will become overwhelmed by the expectations and range of objectives it is being asked to fulfil.
- The Semester is a means of coordinating economic reform policies among Member States, with the overarching objectives of encouraging economic growth and increasing employment. The Annual Growth Survey (AGS) documents are clear on this point stating in the first paragraph of this year's report that it *"takes stock of the economic and social situation in Europe... ensuring that the EU and its Member States co-ordinate their economic policies and their efforts to promote growth and jobs"*. In the context of slow growth and high unemployment across the EU we consider it essential for the European Semester to remain closely focused on these goals.
- The UK, in line with other Member States, is already active in a number of the areas identified to bring through the benefits of action on the environment, but are aware that others may have further to go. The Semester, whose main purpose is to coordinate economic reform policies across the EU, is not the appropriate lever to force Member States to take actions which need to be fully considered in the light of national circumstances.
- The UK also has concerns about the granularity of some of the language in the paper; the lack of evidence; and on the level of prescriptiveness that it implies. On tax, for example, the paper talks of the need to *"set concrete steps (in National Reform Programmes) on shifting the tax burden from labour to e.g. environmental pollution and resource use."* There needs to be more recognition of national specificities and national preferences before making recommendations for National Reform Programmes and Country Specific Recommendations. Fundamentally, there is also a clear need to respect areas of national competence, acknowledging that any recommendations on tax should be discussed by Finance Ministers with any decisions taken by unanimity in ECOFIN.
- Finally, the UK would note that the 2030 framework on climate and energy includes proposals for a new governance framework based on national plans for competitive, secure and sustainable energy to be prepared by the Member States. These plans will serve to outline the actions we will take to achieve our resource efficiency and climate change mitigation objectives. If properly designed and implemented, the European Semester and the 2030 climate and energy framework may complement and reinforce each other in certain areas.

- However, as noted above, the European Semester is intended as a vehicle to co-ordinate economic reform policies among Member States to encourage economic growth and increase employment. Therefore, we would argue that both the European Semester and the 2030 climate and energy framework be dealt with separately to allow each to fulfil the core purpose for it was intended, rather than allow an overlap of objectives and unnecessary duplication which may lead to confusion.

### Response to the Presidency's 3 Questions

1. **In light of the Annual Growth Survey 2014, what do you see as main bottlenecks to the achievement of the Europe 2020 resource efficiency and low-carbon objectives?**
2. **In your view, which measures, at national level, in the field of resource efficiency and climate action have the biggest potential to contribute to sustainable growth and job creation, while addressing existing environmental challenges, and could be integrated, as relevant, in the National Reform Programmes 2014?**

#### [Questions 1 and 2 taken together]

- A considerable amount of work has already been carried out within the UK to enable business successfully to achieve the growth and competitiveness benefits from addressing resource efficiency and low carbon aims. The bottlenecks and measures to address in National Reform Programme will need to be appropriate to individual Member State's circumstances. Universal measures across Member States would not be fair, both on those Member States which have been leading the way, but also on the newer ones, who are seeking to make progress.
- Based on UK experience, helping businesses to unlock the benefits themselves will be more successful than the imposition of regulatory burdens. Examples of action in the UK to help businesses overcome bottlenecks and encourage sustainable growth and job creation include:
- Developing strategic partnerships with industry - Eleven Industrial Strategies for key sectors have been developed, many of which include eco-innovative measures, including for the offshore wind, agri-tech, oil and gas, and nuclear energy sectors.
- Supporting innovation and R&D – over £200m has been invested with UK businesses on eco-innovation via our Technology Strategy Board. Our Energy Technologies Institute has projects worth £210million that develop affordable, secure and sustainable technologies to help the UK address its long term emissions reductions targets.
- Improving access to finance - A Green Investment Bank has been established to provide financial solutions to accelerate private sector investment in the green economy, with priority areas of offshore wind, energy efficiency and waste. The Bank has a total of £3.8 billion to invest in green infrastructure projects for the period to March 2016.

- Improving resource efficiency and preventing waste – our Waste and Resources Action Programme helped generate over £2bn of economic benefits to the UK over 2008-11. A further £1.9bn savings to consumers, businesses and the public sector is predicted per year over 2011-2015, through e.g. voluntary agreements, best practice advice and support to business.
- Reviewing legislation and regulations, and improving guidance - Regulation is necessary to ensure that markets function effectively and protect the public and consumers and for broader public health and environmental objectives. However, regulation can act to impose costs on business, chip away at their competitiveness, and give them less space to innovate and grow. Our Red Tape Challenge initiative is following a programme to review the existing stock of environmental regulations. The ambition is to reduce the number of regulations by 22% and further improve 45% of the regulatory stock. It is anticipated that in some cases increased levels of compliance can be achieved.

“Our evidence shows that businesses respond better to business support rather than to regulatory, target-based measures. **We would like the Commission to examine ways to reduce the burdens on SME’s to make it easier for them to do the right thing.**”

“For example, the UK would welcome the Commission using their Review of Waste Policy to examine derogations for SME’s – i.e. the registration of **some** small businesses which carry **their own, low risk, waste.**”

### 3. **How could the role/involvement of Environment Ministers be strengthened in the various phases of the European semester cycle?**

- As set out above, while supporting the objectives of achieving the environmental contribution to economic growth, the UK does not consider the Semester process the right place for detailed consideration of how this should be achieved.
- However, we do believe that Environment Ministers have a part to play in this process by commenting on and contributing to the high level objectives and the broad direction of the Semester to ensure consistency across dossiers. In this context the UK would support the inclusion of appropriate environmental text in the Annual Growth Survey supporting the broad direction about the opportunities available from sustainable environmental growth.