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

Delegations will find in the Annex contributions from DE/HU/NL/RO/SK to the exchange of views on Greening the European Semester at the Environment Council on 3 March 2014.

GERMANY

Resource efficiency indicators and targets are important components of a successful policy on resources. I therefore support the development of resource efficiency indicators and targets on the European level and the assessment of the appropriateness of the inclusion of a lead indicator and target in the European Semester as envisaged in the 7th EAP.

We will be happy to contribute to the debate by sharing Germany's experiences and the work we have done up until now. In Germany's National Sustainability Strategy, we set ourselves the goal of doubling raw material productivity by 2020 compared with 1994 levels. I think a comparable target on the EU level would be appropriate, and I also encourage other Member States to set national targets for resource efficiency and to report on their results.

There is potential for this on both the consumption and the production side. Making more consulting services available can contribute significantly to a more efficient structuring of production processes. Bringing together consulting agencies on a European level in a network can play an important role in this. At the same time we must make progress in promoting technological and systemic eco-innovation.

European Commission's Annual Growth Survey suggests reducing environmentally harmful subsidies. The German Government supports this goal. It will examine whether and how subsidies that directly or indirectly encourage increased use of resources can be reduced or replaced by extra-budgetary, market-based solutions that avoid negative effects on the conservation of resources and help increase resource efficiency in the medium term.

This year's Annual Growth Report calls investment in energy and climate action one of its priorities. In Europe numerous – long-term - investments in the energy supply are on the agenda. These can have positive effects on growth and employment, especially by increasing energy efficiency and expanding the use of renewable energy sources. For this reason, we should agree on an ambitious framework for the energy and climate policy 2030 soon, so that there is a reliable basis for investments in a decarbonisation of the economy.

The 7th Environment Action Programme aims to see that implementation of the relevant elements of the programme is monitored in the context of the regular monitoring process of the Europe 2020 Strategy. In my opinion, operational proposals for this are needed in the near future.

Germany would be pleased to see these proposals introduced into the preparations for the spring summit by the Council Presidency. In future, the environment ministers should also introduce their contributions to the European Semester in a timely fashion.

HUNGARY

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?*

Hungary aims at gradually moving towards a resource-efficient and low-carbon economy that takes into account social welfare, preservation of natural values and resources, economic competitiveness and growth, and climate protection as well. In order to enhance the transition to a green economy and to reach the Europe 2020 strategy's resource efficiency and climate targets, adequate and predictable regulation and transparent support system are needed while taking into consideration the competitiveness of industry. In line with the Annual Growth Survey, Hungary agrees with the importance of implementing measures that endorse the transition to a resource efficient and low-carbon economy. Technology-neutral approach for low-carbon solutions assures the level playing field for all the Member States in the realization of their low-carbon energy mix.

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?*

Enhancing eco-innovation, product and technology design which takes into consideration sustainable resource and material use, and increasing the proportion of use and reuse are of great importance both for the environment and for job creation. Instead of promoting solutions for the treatment of pollutions, we should put more emphasis on supporting the development and expansion of preventive, resource sparing, resource efficient and low-carbon technologies. Small and medium sized enterprises might positively contribute to this process. Providing suitable training and re-training opportunities is also of key importance.

There is a major potential for decarbonization with regard to energy efficiency and renewable energy in Hungary. Via strengthening these areas and supporting investments, further significant reductions could be reached, furthermore new jobs could be created. Hungary thinks that significant possibilities exist that could facilitate the elicitation of fossil fuels – especially in the field of heat and power generation, building heating and transport –, and encourage the dissemination of technologies, services and consumer behaviours that can reduce the use of natural resources (first of all that of energy sources, raw materials and water), and strengthening the natural sink capacity of CO₂ is also important in our opinion.

As a result of investments in building energy planned for the period of 2014-2020 the number of new workplaces might well increase. Moreover, the growth in residential and commercial energy expenditure savings is expected to increase consumer demand in general, the indirect effect of which could result in additional employment growth within the different sectors of the economy until 2040.

As regards economic measures, great emphasis should be put on shifting tax burden away from labour to taxing the consumption of resources. When phasing out environmentally harmful subsidies, it is important to assess its possible social impacts as well.

For the Europe 2020 strategy to succeed, environmental and social aspects should be also taken into consideration in the course of planning and implementing measures that aim at economic growth and job creation. It is important that resource efficiency – in a wider sense – adequately appears in all the measures.

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

The Environmental Council plays a major role, on the one hand, in the monitoring and evaluation of target realization – especially that of the Flagship Initiative and Roadmap to a Resource Efficient Europe –, on the other hand, in the facilitation of the Europe 2020 review process, so that the environmental aspects are more explicit in the strategy.

THE NETHERLANDS

1. Introduction

The Netherlands reconfirms its support to the December 2013 European Council Conclusions to focus the Semester on the financial-economic crisis, with actions designed to simultaneously ensure delivery on the objectives of sustainable growth, greening the economy, and safeguarding natural capital, thus preserving the longer-term competitiveness of the EU. In particular, the Netherlands sees perspectives to combine economic and environmental gain in the areas of energy and resource efficiency.

2. Bottlenecks

2.1. Climate and energy

In order to achieve 80-95% reduction in 2050 major **innovations** are necessary, in particular in the areas of large scale wind and solar energy as well as energy efficient appliances and transport vehicles. At present the speed of innovation is hampered by insufficient clarity about interim goals, insufficient incentives from the ETS scheme, and insufficient access to capital for innovative (SME) companies.

Another bottleneck relates to the design of the **trans-european energy network** which insufficiently flexible to deal with the fluctuations of energy supply that are inherent to the large scale introduction of renewable energy.

2.2. Resource efficiency

There is also a wide range of companies, mainly SME, that face difficulties in raising capital for **innovative investments** in the area of resource efficiency. In addition, innovative business models (leasing) encounter problems with VAT. Some promising innovative technologies can only be successful with substantive initial demand. In some cases administrations can be launching customers (green procurement).

Uneven implementation of the **Waste Shipment Regulation** (WSR) is a bottleneck. The WSR is still lacking a platform which provides accurate and timely information on questions regarding classification of waste streams in order to have a level playing field. This includes clarifications on classification, treatment operations and basic definitions. It could furthermore be considered that more EU-wide end-of-waste criteria be developed, for example for aggregates and tires.

Another bottleneck relates to **Ecodesign directive**. This instrument includes energy-saving and CO₂ standards for a limited number of appliances and products. It would be helpful to extend the scope to other products with considerable environmental impact, and to also address material efficiency aspects such as reusability, reparability, recyclability, recycled content, recoverability, upgradeability and durability of products.

Finally, we could benefit significantly from a **resource efficiency indicator**. Due to the large variety of resources it is undesirable to establish one lead indicator, so rather a dashboard of distinct indicators could be considered for mass flow, land-footprint, water – footprint and carbon footprint.

3. National measures

Last year, the central government struck a comprehensive deal with companies, NGO's and other levels of administration on energy and climate. This **Energy Agreement** includes all measures to achieve the 2020 goals and prepares for ambitions beyond 2020 in the areas of CO₂ reductions and renewable energy, fostering 15,000 green jobs.

Shifting taxes from labor to energy and resources, rewards desired behavior and makes polluters pay. The Netherlands has 14 % revenues from **green taxes**.

The **Sustainable Trade Initiative**, supported by the governments of the Netherlands, Switzerland and Denmark, is aimed at **sustainable sourcing**. This involves collaboration of all stakeholders along the production chain, including businesses, NGO's, science and government.

The application of **minimum standards for waste management** in the Netherlands has had a positive effect on recycling.

4. Environment Ministers' role

It is important that all national administrations ensure that the *National Reform Programmes* can fulfill the ambitions set by the European Council on simultaneous fostering of jobs and growth and greening the economy. This implies a full participation of Environment Ministers – not only for the Energy/Climate section that should be extended to fully cover resource efficiency, but also to other sections.

ROMANIA

Romania welcomes the assessment of the Commission presented in the Annual Growth Survey and appreciates the approach to maintain the five action key-priorities, established in 2011.

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?*

In general terms, the bottlenecks in achieving the Europe 2020 objectives on resource efficiency and greenhouse gases (GHG) emissions are linked to the financial and economic crisis, as well as to the lack of fiscal policy for implementation of tax for pollution and consumption.

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?*

Romania considers that it is necessary to promote a smart consumption of energy, raw materials and water, which will substantially increase the efficiency of their use. Extending product life and ensuring high standards of quality will contribute to achieve this objective.

Inappropriate business practices focused only on profit, accentuated in times of crisis, must be discouraged by stimulating the consumption of organic and quality products.

Reducing waste by increasing consumption efficiency and intensifying recycling activities, as well as encouraging green procurement are examples of measures that may have an impact on economic growth and job creation.

Encouraging investments in renewable energy, improving the efficiency of buildings and products with better targeting of investments in order to develop incentive mechanisms of using eco-innovative technologies will contribute to the restarting of economic growth.

Romania would like to highlight certain good practices in relation to the commitments assumed by National Reform Programme on environment and climate change:

- approval of the National Strategy on Climate Change 2013-2020 which will coordinate all national policies in order to promote climate change adaptation and risk prevention;
- development of a partnership program between the Ministry of Environment and Climate Change and the World Bank, which aims to operationalize the National Strategy on Climate Change, developing National Action Plan on Climate Change, as well as a study on Green Growth and an efficient transition to a low-carbon economy for Romania;

- promotion of projects financed by the Environmental Fund which contributes to increase the share of energy coming from alternative, clean and free of GHG emissions sources in total energy consumption;
- introduction of landfill tax and "environmental tax stamp" that differentiates the automobile taxation based on CO₂ emissions;
- approval of the National Waste Management Strategy, thereby satisfying the ex-ante conditionality in accessing European funds in the next financial period 2014-2020;
- promoting awareness measures in a wider process of environmental education represent a key role. In this regard, the Romanian authorities have undertaken significant efforts to raise awareness of the citizens regarding the importance of environmental protection and eco-responsible behavior growth. A national campaign to reduce food waste was launched with this purpose.

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

Following the Annual Growth Survey and the country-specific recommendations issued in the context of the European Semester, the environment ministers should play an important role in order to achieve the Europe 2020 objectives regarding the environment and climate change.

An effective cooperation and the facilitation of the exchange of experience are necessary in order to ensure the inclusion and implementation of appropriate measures regarding the National Reform Programmes, in order to strengthen the role and importance of the European Semester and to achieve significant positive results for greening it.

SLOVAKIA

Questions for the debate

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?*

There are various bottlenecks that Slovakia faces in order to achieve resource efficiency and low-carbon objectives of the Europe 2020. One of the biggest challenges is to raise the general awareness of the society towards the importance of environment. Environment should play a cross-sectional role in the country policy formulation and should serve as a key to inclusive, long-term economic growth. It is crucial that all the ministries understand the opportunities and the benefits that implementation and integration of the environmental policies can offer. However, in order to understand this, it is necessary to strengthen the dialog between all the ministries and the Ministry of Environment.

Low public environmental awareness is mirrored in the market behavior on the demand and supply side, since producers as well as consumers do not make use of environmental instruments sufficiently (missing signals). Implementation of such measures would not only draw attention to the greener solutions, but would also result in greener consumption and greener behavior. On the supply side, business sector should try strengthening the implementation of the concept of (extended) producer responsibility.

Research, development and innovation represent another obstacle in this context. Slovakia belongs to the countries with the lowest rates of eco-innovation in the EU. Strengthening the R&D activities as well as the cooperation between the research institutions, public institutions and private sector would enable Slovakia to perform better in the area of (eco-)innovation and technological progress as well as in the creation of new jobs and decrease its dependence on the natural resources.

Slovakia has succeeded in implementation of new national waste prevention program, which is in line with the waste management hierarchy of the EU. Moreover, Slovakia is preparing the implementation of further legislation in this area in 2014. However, a serious remaining issue to be solved is the high rate of landfilling and practical implementation of the new waste hierarchy measures.

Last but not least, it is essential to implement a comprehensive environmental fiscal system. Within this system, environmentally harmful subsidies should be removed and a comprehensive environmental tax should be introduced systematically.

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?*

Increasing the general awareness of the society towards environment is crucial. Hence, it is essential to strengthen the information (awareness campaigns, information on waste prevention techniques, training programs for competent authorities or eco-labelling), promotion (planning measures, taxes and incentives, such as pay-as-you-throw schemes, extended producer responsibility policies, green public procurement policies and eco-design requirements) and regulation policies (taxes on polluting products, green incentives on green products).

As mentioned in the previous question, strengthening the R&D&I activities and public private partnerships could also be crucial in this context. Increased eco-innovation rate would boost the eco-performance of the industries, raise the competitiveness of the economy as well as contribute to the job creation. It is further essential to support the circle economy and strengthen the implementation of new waste hierarchy measures.

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

In case of Slovakia it is essential to increase the importance of the role of Ministry of Environment vis-à-vis other ministries and public institutions. It is crucial that other ministries understand the cross-sectional role of the environment and consider it as a new opportunity to deal with the negative impacts of the economic crisis and a new opportunity for the economic growth. In this context it is important to improve the communication channels with other ministries. Moreover, without well-founded analysis and empirical evidence, the attention towards the environment will be hard to draw. Therefore, it is crucial to strengthen the analytical capacities of the Ministry of Environment (as well as other ministries) in order to strengthen its position. Considering the interaction at the EU-level, it is crucial that the Ministers of Environment cooperate, share the best practices and learn from each other. Space and opportunity for cooperation should also be enabled to the experts from ministries of environment and finance ministries, such as were the Expert Meetings on Greening the European Semester. From the side of the Slovak Ministry of Environment, this meetings have been considered useful and inspiring, as they have allowed for exchange of relevant country specific information, best practices etc.