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Subject: Greening the European semester and the Europe 2020 Strategy - Mid-term  
review  
- Draft Council conclusions

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#### I. INTRODUCTION

1. On 17 September 2014, the Presidency presented draft Council conclusions on Greening the European semester and the Europe 2020 Strategy - Mid-term review to the Working Party on the Environment (WPE).
2. The Working Party examined the draft conclusions on 17 September and on 2 and 8 October, reaching agreement on a large number of elements of the text.

3. The Permanent Representatives Committee examined the text on 17 October and agreed on a limited number of modifications (in bold) to the text set out in Annex, while noting that the remaining open issues would be transmitted to the Council for consideration.

## II. OPEN ISSUES

4. The main issue remaining open is essentially related to the mention of targets in the text (paragraphs 4(a), 4(b) and 5(a), which are closely linked).

As regards these paragraphs, some delegations have a reservation on the present mention of a possible aspirational and non binding target/goal, while others ask to delete or weaken the link between such target/goal and the Europe 2020 Strategy in one or more of these paragraphs. Other delegations can support the present text and oppose any further weakening of it.

Furthermore, two delegations have a reservation on paragraph 5(b) concerning the European Semester and two delegations have a reservation on paragraph 5(g) concerning the role of the Environment Ministers.

## III. CONCLUSION

5. In the light of the above, the Council is invited to examine the draft conclusions as set out in the Annex, with a view to their adoption on 28 October 2014.

**Greening the European semester and the Europe 2020 Strategy - Mid-term review  
- Draft Council conclusions -**

The Council of the European Union,

RECALLING:

- The Europe 2020 Strategy for smart, sustainable and inclusive growth adopted by the European Council on 17 June 2010, setting out a vision of Europe's economy for the 21st century, more sustainable and competitive;
- The March 2012 European Council conclusions <sup>1</sup>;
- The June 2014 European Council conclusions <sup>2</sup>;
- The Decision of the European Parliament and of the Council on a General Union Environment Action Programme to 2020 "Living well, within the limits of our planet" (7th EAP) <sup>3</sup> requiring the EU and its Member States to integrate environmental and climate-related considerations into the European Semester, to monitor the implementation of the relevant elements of the 7th EAP as part of it, and assess the appropriateness of the inclusion of a lead indicator and target in this process;

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<sup>1</sup> EUCO 4/2/12 REV 2.

<sup>2</sup> EUCO 79/14.

<sup>3</sup> OJ L 354/171 of 28 December 2013.

- The Council conclusions on:
    - = Sustainable materials management and sustainable production and consumption: key contribution to a resource-efficient Europe <sup>4</sup>
    - = Roadmap to a resource-efficient Europe <sup>5</sup>
    - = Rio+20 follow up: “*The Overarching Post 2015 Agenda*” <sup>6</sup>
  - The results of discussions regarding the Commission's Annual Growth Survey 2014 and the implementation of the European Semester <sup>7</sup>, lessons learned from 2013 and way forward <sup>8</sup>;
  - The informal meeting of Environment Ministers and the informal joint meeting of Environment and Labour Ministers held in Milan on 16-17 July 2014;
1. WELCOMES the recent Communications from the Commission on:
- = "Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth" <sup>9</sup> launching the mid-term review of the strategy, where the Commission identifies pressures on resources and environmental concerns as a key long-term trend affecting growth.
  - = "Towards a circular economy: A zero waste programme for Europe" <sup>10</sup>.

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<sup>4</sup> Council (Environment) conclusions of 20 December 2010 (17495/10).

<sup>5</sup> Council (Environment) conclusions of 19 December 2011 (18346/11).

<sup>6</sup> Council (General Affairs) conclusions of 25 June 2013 (11559/13).

<sup>7</sup> 6684/14 of 11 March 2014.

<sup>8</sup> 14618/13 of 16 October 2013.

<sup>9</sup> 6713/14 of 7 March 2014.

<sup>10</sup> 11592/14 of 4 July 2014.

- = The related Communications on sustainable buildings <sup>11</sup>, green employment <sup>12</sup>, green action for SMEs <sup>13</sup> and on building the single market for green products facilitating better information on the environmental performance of products and organisations <sup>14</sup>.
- = "A policy framework for climate and energy in the period from 2020 to 2030" <sup>15</sup>.

2. RECOGNIZES that:

- a) The sustainable management, conservation and use of natural resources is one of the overarching objectives of sustainable development, and it is a key theme addressed in the international debate on the Rio+20 follow-up and the Sustainable Development Goals.
- b) The economic system depends largely on the availability of natural resources, which are limited and are often far from being used in a sustainable way. Greening the economy contributes to long term prosperity, and short term costs are likely to be compensated by multiple potential benefits in terms of increased competitiveness, jobs, improvement of security of resource supply, including energy and raw materials, inclusiveness, health and well being. Therefore for our future competitiveness and long-term sustainable and inclusive growth, a transition towards a resource efficient circular economy - where natural resources are extracted and used in a more efficient and sustainable way, where the loss of valuable material is prevented, less energy is consumed, less waste is generated and more generated waste is re-injected in the economy through preparing for reuse and recycling - becomes essential.

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<sup>11</sup> 11609/14 of 4 July 2014.

<sup>12</sup> 11572/14 of 4 July 2014.

<sup>13</sup> 11616/14 of 2 July 2014.

<sup>14</sup> 8310/13 of 10 April 2013.

<sup>15</sup> 5644/14 of 24 January 2014.

- c) The potential for employment creation in the environmental goods and services sector, although it may vary between Member States, is significant even during the economic crisis. In the EU, the employment in the sector increased from 3 to 4.2 million between 2002 and 2011 and by 20% during the recession years (2007-2011) <sup>16</sup>. Eco-industries, however, are only part of green growth and employment. In the wider economy, companies can increase their competitiveness, save costs, expand their markets and create new jobs by continuing transition to sustainable and resource efficient production methods.
- d) The transition towards a circular and low-carbon and climate resilient economy and sustainable consumption and production patterns, will create global business opportunities that will benefit competitiveness and employment in the Union. Identifying and developing coherent green skills and strategies is essential to enhance the employment creation potential from green growth. The transition process to a greener economy will also require anticipation of the skill needs and targeted intervention by public authorities, businesses, trade unions and NGOs to enable the workforce to adapt and develop their skills as appropriate. This process should take into account labour market implications related to job creation and loss and anticipate structural adjustments in order to avoid social inequalities both at the EU and national level.
- e) Public awareness and citizen perceptions and involvement are crucial for a successful transition to a circular and low-carbon economy. Necessary attention and resources should be devoted to education and information, to promote sustainable consumption and production models and highlight the benefits of moving to a resource efficient circular economy. Social partners and civil society can play an important role in building consensus, and in orienting business and consumers choices.

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<sup>16</sup> 11572/14 of 4 July 2014.

3. CONSIDERS that:

- a) Environment policies are important to solve the present challenges addressed by the Union's economic governance. Therefore, the environmental dimension of the Europe 2020 Strategy should be **strongly reaffirmed**, in particular by [...] integrating the resource efficiency's potential for green growth and employment and reinforcing synergies between the different components of the Europe 2020 Strategy.
- b) The EU and its Member States should work together to unlock investments in circular economy solutions and promote an enabling environment to overcome major market and governance failures, including through public-private partnerships, the full use of the European Structural and Investment Funds and of existing and innovative financial instruments, leveraging and attracting private capital where feasible. They should also work together with businesses, consumers, social partners, education, research and training institutions and stakeholders in developing strategies and best practices, and increase their dissemination and take up at all stages of the production and consumption cycle.
- c) The European Semester, as a continuous monitoring dialogue between the Commission and the Member States on economic governance and implementation of the Europe 2020 Strategy, is a key process with the potential to drive the necessary structural changes and develop win-win alliances to implement green growth strategies.

- d) Various instruments could be applied to facilitate a transition to a more sustainable low carbon and resource efficient economy. Shifting taxation from labour to pollution, energy and resource use in a budgetary neutral manner may be an appropriate tool to promote employment creation and greening the economy. Furthermore, key instruments which could be strengthened are, among others, implementation of the polluter pays principle, green public procurement, eco-design and eco-innovation, product environmental information, synergies between Natural and Cultural Capital to develop sectoral policies that integrate ecosystems and their services, support for resource-efficient processes, in particular in SMEs, corporate social responsibilities, the development of green infrastructure and the phasing out of environmentally harmful subsidies.

4. STRESSES that:

- a) An aspirational target at EU level on resource efficiency could bring all the circular economy elements together and increase efforts towards reaching environmental, social and economic objectives at the same time. Such a non-binding target under the mid-term review of the Europe 2020 Strategy would provide the much needed link between the measures dealing with economic policies and those addressing natural resource challenges.
- b) A non-binding resource efficiency target, set at EU level, would provide an impetus for action at national level, while giving each Member State full flexibility to focus on the actions and areas where improvements would be most beneficial, taking into account the different national situations, capacities and priorities.



- c) Building on the work already in place in the context of European environmental economic accounts <sup>17</sup> and considering the work done by Eurostat in developing a Resource Efficiency Scoreboard [...], more needs to be done to further develop and implement these monitoring and reporting tools. It is essential to ensure that future work on indicators properly reflects the progress made in achieving resource efficiency and takes properly into account the structural differences of Member States economies and other national specificities, **as well as the scarceness of resources, their renewability and recyclability**. So far, ‘resource productivity’ as measured by GDP relative to Raw Material Consumption (RMC) <sup>18</sup> has been identified by the Commission as a candidate <sup>19</sup> aggregate indicator for measuring overall progress towards resource efficiency. In order to capture all environmental impacts and monitor the transformations in key areas, an aggregate indicator for resource efficiency will need to be complemented by macro indicators on materials, water, land and carbon and accompanied by a set of thematic indicators.
- d) According to recent assessments by the Commission <sup>20</sup>, resource productivity in the EU grew by 20% in 2000-2011, and maintaining this rate would lead to a further 30% increase by 2030, while generating more than 2 million jobs and 1% of GDP growth more than in a business as usual scenario.
5. UNDERLINES THE NEED for further “greening” the European Semester and the Europe 2020 Strategy by:
- a) Including a resource efficiency target in the Europe 2020 Strategy as a non-binding, aspirational goal.

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<sup>17</sup> Regulation 538/2014 amending Regulation 691/2011.

<sup>18</sup> COM(2014) 398 and SWD(2014) 211.

<sup>19</sup> According to the Commission, while data on RMC is not yet available for all EU Member States, Domestic Material Consumption (DMC) could offer an alternative to be used on a temporary basis.

<sup>20</sup> COM(2014) 398, 11592/14 of 4 July 2014.

- b) Promoting the inclusion of the circular economy principles and the potential for green employment in the annual cycle of coordination of economic policies, if feasible as of 2015. In particular, circular economy and resource efficiency and their potential in terms of increased growth and employment opportunities should be taken in due consideration in the preparation and implementation of the Annual Growth Survey (AGS), Country Specific Recommendations **and, on a voluntary basis, National Reform Programmes.**
- c) Conducting a more structured and regular reporting on green skills, employment and growth in the framework of the Joint Employment Report annexed to the AGS. Such reporting would be particularly important to support green strategies in the context of the mid-term review of Europe 2020 Strategy and the European Semester.
- d) Further developing the definition of green jobs, which is particularly crucial to avoid taking into account only ‘green sectors’. In this regard, Regulation (EU) No 538/2014, which is a major step forward in the direction of establishing a sound and reliable monitoring system of green jobs in the EU, should be fully implemented. In order to create a broader measurement approach based on a more detailed and integrated conceptual and methodological framework, the Commission should assist Member States in moving towards a broader definition of green jobs, which considers the three main dimensions of green industries and services, i.e. processes, technology and occupations.
- e) The further development by Eurostat, in close cooperation with National Statistical Offices, of a more refined measurement framework, including a commonly accepted methodology to better measure progress towards resource efficiency at national level. Such framework should be developed by fully exploiting and optimising the use of existing statistical sources.

- f) Calling on the Commission to step up work in close cooperation with the Member States, on developing a system of valuation of **natural resources, and of biodiversity and the ecosystem services it provides - EU natural capital** - [...] in line with 7th EAP guidance, with a view to developing indicators, including for monitoring economic progress, and contribute to the development of environmental accounts.
- g) Improving the governance process of the 2020 Strategy by providing for a strengthened role of the Environment Ministers in the European Semester, in order to ensure progress towards the balanced integration of economic, social and environmental dimensions of sustainable development and in accordance with the principles of the EU Treaty.
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