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**NOTE**

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From: General Secretariat of the Council  
To: Delegations

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Subject: Greening of the European Semester: environmentally harmful subsidies  
and implementation of environmental legislation

- Exchange of views
- = Contributions from delegations

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Delegations will find in the [Annex](#) a contribution received from [Cyprus](#) to the exchange of views at the Council (Environment) on 26 October 2015.

Bearing in mind the various commitments at EU level on environmentally harmful subsidies (EHS), our aim remains to gradually phase these out.

We are currently in the process of mapping subsidies in all sectors of the economy in order to then be able to assess which ones might be in contradiction with our environmental policy goals. There has already been considerable progress in Cyprus in moving away from EHS and towards resource efficiency instead in the agriculture, water and fisheries sectors. Some examples:

- We welcomed a greener Common Agricultural Policy (CAP), as it provided the appropriate tools to engage in more environmentally-friendly practices. With respect to the development aspect of the CAP, Cyprus promotes a number of climate-smart measures through its Rural Development Programme, such as the funding of renewable energy installations on agricultural establishments, the installation of water-saving irrigation systems and actions for rainwater collection.
- In the water sector, projects for the utilisation of recycled water with a view to resource efficiency are underway. Furthermore, Regulations on a new water pricing system include measures for recovery of the environmental cost of extraction as well as the cost of the resource itself.

A necessary factor, in order for EHS reform to take place, is greater coherence between economic, social and environmental policies both at the EU and Member-State level. It is of utmost importance to have drivers in place that will not distort competition, taking also into account the capacity of Member States.

We welcome efforts within the Semester Process to help the transition towards a circular economy, and the inclusion of relevant measures in the AGS. Special care should be taken with respect to potential social impacts that proposed measures could have, remaining in line with the spirit of the Sustainable Development Goals.

Lastly, it would be desirable to have discussions on the common causes that lead to implementation gaps at the Ministers' level with a view to enhancing coherence between policies, better designing policies and better allocating public resources across various sectors. In this regard, we are interested in learning more about the Commission's initiative on Environmental Implementation Review and we welcome the "Make it Work" initiative by the Netherlands, UK and Germany.

