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Annex - The EU sustainable development strategy – recent developments

Background

Sustainable development was recognised to be one of the core tasks of the European Union in the Amsterdam Treaty of 1997¹. Following this, at the Helsinki European Council in 1999, the heads of EU member states asked the European Commission to draw up a proposal for a sustainable development strategy for the EU, and submit it to the European Council at Gothenburg in June 2001.

In developing a strategy proposal the Commission adopted a two-stage approach. First we issued a consultation paper in March of 2001. This consultation paper aimed to set out the analytical and conceptual basis for the strategy. Then a strategy paper, containing specific objectives and measures, was published in May 2001 and submitted to the European Council. The Commission papers can be downloaded from the internet, as can the Conclusions from the Gothenburg European Council², which set out the Council's response.

Interpreting sustainable development

The Commission proposal starts from the Brundtland definition of sustainable development as "*development that meets the need of the present without compromising the ability of future generations to meet their own needs*"

This is generally interpreted in a broad sense as offering a vision of progress that integrates and balances social, economic and environmental concerns. However, this very broad scope is both a strong point and a weakness. On the one hand, it satisfies the desire for an ambitious, overarching goal, or general vision of where we should be heading. On the other, it can be very difficult to reach a consensus about what it actually means in practice.

¹ The Treaty of Amsterdam amended article 2 of the Treaty Establishing a European Community to make sustainable development an objective, and added a new article 6 stressing the importance of integrating environmental concerns into other policy areas, with a view to achieving sustainable development.

² For the Commission's papers see <http://www.europa.eu.int/comm/environment/eussd/index.htm> For the Presidency conclusions see <http://ue.eu.int/en/Info/eurocouncil/index.htm>

Therefore, there is a significant risk that sustainable development becomes an “empty box” into which we drop all our existing economic, social and environmental policies and simply re-label them, while changing very little. To avoid this outcome, the Commission aimed to draw out some key ideas linked to the Brundtland definition on which there would be a very wide consensus, and to build an operational strategy on these core ideas. Three key ideas were identified:

1. A focus on quality of life - Sustainable development must imply striking the “right” balance between the different factors (economic, social, and environmental) that contribute to our overall quality of life. This may involve making trade-offs, and so it is an inherently political task. Pursuing sustainable development is also a dynamic process, as public priorities evolve over time, and technology open up new possibilities and risks. Political priorities may also vary from place to place or from country to country.

2. A responsible approach to managing resources - Sustainable development must also imply that we have a responsibility to pass on to future generations the resources they need to live at least as well as we do. This means that we should not be running down our society’s total stock of economic, environmental and social assets. Instead, we should be living off the “interest” that our current wealth generates, and not be using up the “capital”. This opens up an important debate about where limits should be set to the damage we cause to stocks of “natural capital” such as bio-diversity.

3. Coherence in policy making - Due to a high level of interdependence between some sectors the solutions to some problems lie in the hands of policy makers in other sectors. For example, environmental policy increasingly requires action by other policy areas such as enterprise, energy, agriculture and transport. In turn, transport policy depends on taxation, research and technology, and land use planning policy. Similarly, social policy instruments acting in isolation will not solve problems of social exclusion.

In many cases these interdependencies or “spill-overs” between sectors are not fully taken into account, so policies in different sectors pull in opposite directions. This undermines their effectiveness and wastes resources. Improving coherence means better exploiting the potential synergies between policy areas, and dealing with unavoidable trade-offs in a transparent and responsible. Policy integration should go furthest where there is a high level of inter-dependence, and hence the potential gains from better co-ordination are expected to be greatest.

In sum, sustainable development is partly about “objectives” (what type of outcomes we want to achieve) and partly about “means” (what policies do we need to achieve these outcomes). Sustainable development therefore puts a premium on open debate about political priorities, in the context of a representative and accountable political system. In this debate we end up very quickly in a discussion of institutional questions, and facing difficult problems of reforming how policy decisions are made and by whom. Sustainable development is therefore closely connected to the issue of governance.

The components of the EU strategy

In order to keep a tight focus and add genuine value, the Commission’s proposed strategy limits itself to a small number of topics where there are emerging problems that pose a serious, long-term threat to sustainable development. The strategy identifies six key areas (climate change, health, natural resources, poverty and exclusion, ageing and demography,

land use and mobility). Clearly each of these topics is complex and cuts across many policy areas. The strategy proposal itself has three main components:

1. A number of headline objectives and specific policy initiatives on four of the key priority areas: climate change, natural resources, public health, and transport. The Commission's proposal to the Gothenburg Council did not propose new objectives or initiatives in the areas of poverty, social exclusion and demographic change (ageing, pensions), as they had been extensively discussed at other recent European Councils. However, these topics remain part of the strategy as a whole. Highlights include the aims of :

- reforming of the CAP to make it much more environmentally friendly
- halting loss of biodiversity by 2010
- de-coupling transport growth from growth in GDP
- eliminating significant risks from toxic chemicals (by 2020)

2. A number of measures that aim to encourage a "new approach to policy making" - such as the requirement that in future all major proposals should have a thorough assessment of their economic, environmental and social impacts (impact assessment). In future all policy areas - and especially major Community areas such as transport, agriculture and regional policy - should be judged by whether or not they promote sustainable development. We have also made a commitment to consult in a more systematic way, and to engage more widely with business and citizens. These developments tie in closely with ongoing Commission initiatives on "Better Regulation".

3. A review process to ensure that the strategy is implemented. The strategy contains a commitment to perform a full-scale review at the start of each new Commission (every five years). The Commission will also evaluate the implementation of the strategy in its annual "Spring" report to the European Council. Until the development of the sustainable development strategy, the main focus of this Spring report was the "Lisbon strategy", the EU's program for social and economic renewal that was set out at the Lisbon European Council in the spring of 2000³.

However, there are obvious overlaps between the Lisbon strategy and the sustainable development strategy. Lisbon has more of an emphasis on economic reform, innovation, and social policy, while the sustainable development strategy integrates environmental aspects. This creates a practical problem of how to report on the two strategies without duplication. The solution was to argue that in a sense sustainable development had added an environmental dimension to the Lisbon strategy. This interpretation allows reporting on Lisbon and the sustainable development strategy to be covered jointly in the Spring Report.

³ The Conclusions of the Lisbon European Council, which set out the broad objectives of the Lisbon strategy, can be downloaded from <http://ue.eu.int/en/Info/eurocouncil/index.htm>

In principle therefore, the sustainable development strategy agreed at the Gothenburg European Council is a big step forward for integrated policy making. This is because it allows social, environmental, and economic objectives to be discussed jointly as part of the Lisbon process, at the highest political level. However, the success of the strategy will depend on how effectively it is followed up, and whether Member States are willing to show political leadership on key elements, such as the reform of common policies (CFP, CAP, structural funds).

The global dimension of sustainable development

The Commission's proposal to Gothenburg did not explicitly address our policies on trade, development and external relations. This was because it was felt that in we should "put our own house in order" to provide leadership at the global level, and as a contribution to achieving global sustainability. However, the Commission set out its ideas for promoting sustainability through our "external" policies in a Communication to the Barcelona European Council⁴, and these objectives and ideas are fully part of the sustainable development strategy.

This Communication on the "external dimension", and the strategy agreed at Gothenburg, were both an important part of the EU's preparations for the World Summit on Sustainable Development in Johannesburg in August last year. The EU played a very active role at the Summit, pushing hard to maintain a multi-lateral approach to global problems. The EU argued strongly for agreement on ambitious and quantified targets in a number of areas, so as to make concrete our commitment to promoting sustainable development at a global level

Together with the Doha Development Agenda and the Monterrey Consensus on Financing for Development, the Johannesburg outcome has shaped a global partnership for sustainable development. There were a number of important new targets and timetables adopted in Johannesburg:

- to halve the proportion of people lacking access to basic sanitation by 2015
- to significantly reduce the rate of loss of bio-diversity by 2010;
- to minimise harmful effects on human health and the environment from the production and use of all chemicals by 2020;
- to maintain and restore depleted fish stocks by 2015
- to establish a 10 year framework on sustainable production and consumption, in support of regional and national initiatives.
- a commitment to begin implementation of national strategies on sustainable development by 2005.

While there was no agreement in on a specific target for renewable energy, we agreed to increase urgently and substantially the global share of renewable energy sources. The EU

⁴ Towards a global partnership for sustainable development" COM (2002) 82; February 2002
http://www.europa.eu.int/comm/environment/wssd/eu_documents_en.html

launched in Johannesburg a “Coalition on Renewable Energy” – a coalition of like-minded countries and regions committed to increasing their use of renewable energies through quantified, time-bounds targets. As of January 2003, 77 countries have confirmed membership to the coalition.

Another key outcome of Johannesburg was the increased involvement and commitment of the civil society and the business. More than 250 partnership initiatives were launched at Johannesburg. Partnerships between governments, business and civil society in large could be a valuable tool, providing there is an effective follow-up and reporting mechanism. The EU itself launched two partnership initiatives in Johannesburg, on water and sanitation and energy, to contribute to poverty eradication and the Millennium Development Goals.

Recent developments - The Spring Report and the March European Council

The Commission’s Spring report for this year⁵ was adopted by the Commission in mid January and was discussed at the European Council in March. This year’s report contains a significant section on the follow up to the Johannesburg World Summit, stressing the importance of moving from commitments to implementation. As concerns the environmental dimension of sustainable development, the report puts particular emphasis on climate and transport issues, and on exploiting the potential of environmental technologies to help decouple economic growth from environmental degradation.

At the March European Council in Brussels much of the actual discussion focussed on the situation in Iraq. However, the written conclusions from the Council address all aspects of the Lisbon strategy in some detail, building on the Commission’s Spring report. An extract from the Presidency Conclusions is included as an Annex to this note and provides more details. However, this extract does not include all parts of the conclusions text that are relevant to sustainable development, and should be read with this qualification in mind. The full conclusions can be found on the Commission’s Europa server⁶.

The Presidency Conclusions cover a wide range of topics, from climate change to transport, with a focus in particular on the global dimension of SD and the follow up to Johannesburg. The Conclusions also put great weight emphasis on maritime safety and environmental performance in the wake of the Prestige incident. From an institutional/procedural point of view there are interesting items too. In particular, the Conclusions note the Commission’s intention to perform a stock-taking of the Cardiff process, and also the Commission’s intention to:

“under the general co-ordination of the Council (GA/ER) to update and review, in time for each annual Spring European Council, starting in 2004, the existing "Road-map on the follow-up to the Gothenburg conclusions"; the Council should use it as a practical and dynamic implementation instrument giving a clear overview on goals, targets and respective responsibilities“

This “road-map” may be a very useful instrument for maintaining a clear overview of what decisions need to be taken, by whom, and by when, and may therefore help to improve

⁵ This year’s Spring Report “Choosing to grow – Knowledge, Innovation and Jobs in a Cohesive Society” http://www.europa.eu.int/comm/commissioners/prodi/policy/index_en.htm

⁶ Download from <http://ue.eu.int/en/Info/eurocouncil/index.htm>

both policy co-ordination and integration within the Council. In addition to the roadmap, the Presidency Conclusions note the Commission's intention to perform a stock-taking of the Council's Cardiff integration process, and to incorporate this into an annual environmental policy report. In addition, the Commission intends to do an initial review of national sustainable development strategies.

Other tools for sustainable development - recent developments

Structural Indicators related to environmental dimension of sustainable development.

The Commission adopted a set of 42 "structural" indicators on 30th of October 2002⁷, which are used to underpin the Spring report to the European Council. Seven of these were related to the environmental dimension of sustainable development (greenhouse gas emissions, energy intensity of the economy, transport volume, modal split of transport, urban air quality, and municipal waste generation and disposal). The Council requested that indicators for fish stocks and bio-diversity be added to this list, and these were also included in the Spring report⁸.

Work is ongoing with Eurostat and the European Environment Agency to improve the quality and relevance of the structural indicators, as well as to develop a set of sustainable development indicators covering the internal and external dimensions of the EU sustainable development strategy. Particular efforts are being made in areas such as biodiversity, where indicators are currently lacking, or of poor quality. A progress report on the methodology and data availability for environment related indicators was produced by the Commission last year⁹, and this will be used as the basis for further development work.

Impact assessment

The Commission is currently at work to implement a new system of impact assessment for policy proposals, as requested by the Gothenburg European Council. The Commission adopted a Communication on impact assessment in June of 2002¹⁰, alongside a Communication on a better regulation action plan. The Communication on impact assessment sets out main questions that impact assessments should address and how assessments should fit into the policy cycle.

An impact assessment of a policy proposal should cover the social, economic and environmental impacts of a policy proposal. The aim is to incorporate and subsume other existing approaches (such as business impact assessment) within a single, integrated model. This assessment process should help underpin the quality of Commission

⁷ <http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=1-structur-EN&mode=download>

⁸ The seven environment-related structural indicators are further broken down into various sub-indicators, giving a total of 16 individual indicators.

⁹ COM(2002)524 final http://www.cc.cec/sg_vista/cgi-bin/repository/getdoc.cgi?full_file_name=COMM_PDF_COM_2002_0524_F_EN_ACTE.pdf

¹⁰ This Communication is available at: http://europa.eu.int/lex/en/com/cnc/2002/com2002_0276en01.pdf

proposals, by identifying the advantages and disadvantages of different policy options, and providing a clear rationale for the option proposed. Transparency will be improved, as impact assessments have to be published alongside policy proposals.

Technical guidelines for performing impact assessments have been prepared. The new system itself is now in a pilot phase. Of the items on the Commission's work programme for this year, some 42 will have to go through this impact assessment procedure.

Environmental Technology Action Plan

The Commission's adopted a report on the potential contribution of environmental technologies to growth and employment on the in March 2002¹¹. The general line of argument was that environmental technologies that allow us to get more environmental protection for the same or less money will be good for economic growth and the environment. However, both the uptake and development of such technologies is held back by distorted market prices and other obstacles.

Accordingly, the Commission intends to develop an action plan to assess and tackle these obstacles where possible. The action plan should build on a rigorous analysis of issues and broad consultation of stakeholders. The Commission intends to develop an action plan during the course of 2003, and will publish a Communication setting out the action plan towards the end of the year. A progress report describing the process that will be followed, and the areas of work to be covered, along with a number of questions for stakeholders, was adopted recently.

Further information about the Action Plan can be found at:

<http://europa.eu.int/comm/environment/etap/>

¹¹ See http://europa.eu.int/comm/environment/docum/02122_en.htm

Annex

Extract from Presidency conclusions, Brussels European Council March 2003

D Ensuring delivery on the environmental dimension of sustainable development

Reversing unsustainable trends

53. Economic and social development will not be sustainable in the long run without taking action to curb environmental pressures and preserve natural resources within the framework of the comprehensive sustainable development strategy launched at Göteborg. This must include action aimed at decoupling environmental degradation and resource use from economic growth. Despite some progress, the worrying trends observed when the Strategy was launched have not been reversed, and a new impetus must therefore be given.

54. Against this background, the European Council:

- invites Member States to accelerate progress towards meeting the Kyoto Protocol targets, including the reduction of greenhouse gas emissions, the increase in the share of renewable energy, setting an EU-wide indicative target for renewable energy of 12% of primary energy needs and of 22% of electricity needs by 2010 and encouraging national targets; increased energy efficiency, inviting the Environment Council to examine setting indicative targets in a cost-efficient manner and with minimum distortionary effects; and achieving a final agreement on the emissions trading Directive;
- urges the Council to adopt, before the Thessaloniki European Council, the "Intelligent Energy for Europe" programme and welcomes the agreement recently achieved on the Directive on the promotion of bio-fuels for transport, endorsing the setting of national indicative targets consistent with the reference value of 5,75% for the use of bio-fuels by 2010 for transport purposes. It welcomes the Commission's intention to present proposals, in the light of its forthcoming Communication, developing a Community framework for pricing of transport infrastructure and a proposal for euro vignette by June 2003;
- welcomes, subject to the opinion of the European Parliament, the agreement of Finance Ministers on energy taxation on the basis of the Presidency compromise as amended in the Ecofin Council meeting on 19 March;
- urges the Council (Ecofin) to encourage the reform of subsidies that have considerable negative effects on the environment and that are incompatible with sustainable development
- urges the Council to accelerate work towards a more responsible management of natural resources, including action to meet the 2010 targets for biodiversity and 2015 for fish stocks. It also calls for urgent development and implementation of the new European chemicals legislation, as agreed in Gothenburg.

55. Technology also plays an important role in achieving Lisbon's sustainability goals. The European Council notes the Commission's intention to finalise, by the end of 2003, the Action Plan on environmental technologies in order to remove barriers to the development and use of clean technologies. It notes the role of such technologies to deliver twin environmental and competitiveness goals and calls for:

- emphasis to be given to the development of new vehicle fuels and technologies, as the principal means of moving towards a sustainable transport system, in partnership with industry, with the EU contributing fully to the development of international standards for new vehicle fuels and technologies and associated infrastructure, to ensure that our industry can compete effectively in this growing marketplace;
- the EU to examine its research and development approach to ensure that environmental innovations and new cutting edge innovations such as fuel cells are treated as a priority and that all synergies are fully exploited;
- the Commission to report on improving the effectiveness of the EIHP, LIFE and 6th framework programmes in developing new environmental technologies including the development of new vehicle fuels and technologies, and taking them to the market.

Maritime safety

56. In the wake of the Prestige accident the European Council renews its expression of solidarity with the countries, regions and people touched. Following the measures announced at the Council in December, the European Council calls for:

- rapid implementation of measures adopted by Council and Parliament after the ERIKA accident (reinforcing controls in ports, better oversight of classification societies, designation of ports of refuge, installation of vessel traffic monitoring and information systems in EU waters);
- rapid examination and implementation by the Council, the Commission and Member States of the measures related to the Prestige catastrophe on the basis of the Commission's communication;
- the Council (Transport) to reach agreement on 27 March on the proposal by the Commission restricting the carriage of heavy fuel-oil in single-hulled tankers and accelerating the timetable for the withdrawal of such tankers as well as for coordinated efforts by all Member States and the Commission for the establishment of a similar scheme as soon as possible at a world-wide level through an amendment of the MARPOL Convention;
- support of the ongoing work at the IMO to develop a flag state code and a compulsory model audit scheme ensuring that flag states carry out their duties under the international conventions;
- adoption before the end of 2003, based on the Commission's recent proposal, of a system of sanctions, including criminal sanctions for pollution offences on the appropriate legal basis;

- the Commission to study all possible measures of ensuring efficient mobilisation of the necessary anti-pollution equipment (including clean-up vessels) to assist a Member State faced with a pollution problem;
- increasing liability of maritime transport operators through the amendment of the relevant provisions of the Convention on Civil Liability;
- in terms of compensation for the victims of pollution, including environmental damage, Member States to pursue within the forthcoming diplomatic conference at the IMO in May an increase in the current ceiling on compensation to 1 billion Euros; failing a positive outcome within the IMO to work on the existing proposal for a Regulation establishing a special European fund endowed with 1 billion euros with a view to the creation of the fund before the end of the year and drawing as much as possible on private funding;
- exploring possibilities within the framework of the UN Convention on the law of the sea to afford better protection for coastal states; improve co-ordination between the Union and the IMO as well as with the neighbouring countries, including Russia, to find ways and means of adequate protection in conformity with international law, in particular through the establishment of specially sensitive areas; Co-operation with neighbouring states to ensure safety of oil transports in harsh ice conditions should also be enhanced.

Policies and instruments for ensuring delivery

57. In order to deliver the full set of reforms proposed in Gothenburg, it is crucial that the EU institutions and the Member States take action to enhance the effectiveness and coherence of existing processes, strategies and instruments. This can be helped by strengthening the Cardiff process on integrating environmental considerations into sectoral policies and developing of overall and sector-specific decoupling objectives; as well as by improving environment-related structural indicators and monitoring progress and identifying best practices.

58. The European Council notes the Commission's intention to:

- carry out an annual stocktaking of the Cardiff process of environmental integration and a regular environment policy review and to report in time for the outcomes of these exercises to be taken into account in the preparation of its future Spring reports, starting in 2004;
- under the general co-ordination of the Council (GA/ER) to update and review, in time for each annual Spring European Council, starting in 2004, the existing "Road-map on the follow-up to the Gothenburg conclusions"; the Council should use it as a practical and dynamic implementation instrument giving a clear overview on goals, targets and respective responsibilities.

59. The legal framework supporting Lisbon's environmental objectives must be developed further. The European Council urges that final agreement be reached if possible by April 2004 on the Directive on environmental liability as a concrete means of implementing the Polluter-Pays principle; it calls on Member States to promptly ratify and implement the Aarhus Convention, and on the Council to adopt by mid-2004 proposals for a Directive

on access to justice and for a legislative instrument setting out how the EU institutions will comply with the provisions under all three pillars of that Convention.

E. Promoting sustainable development on a global scale

60. Bearing in mind the need for overall coherence between its internal and external policies, the European Council underlines that the Union is actively committed to keep its leading role in promoting sustainable development on a global scale by translating into concrete actions the political ambitions agreed at in Johannesburg, Doha and Monterrey along the following lines:

- ensuring effective follow-up to the new goals and targets agreed in Johannesburg on water and sanitation, the protection of the marine environment, depleted fish stock, chemicals and natural resources, including forests and biodiversity;
- ensuring effective follow-up to the commitment made in Monterrey on the realisation of the 0,7% target for ODA;
- enhancement of corporate social and environmental responsibility both at EU level and internationally; means of promoting sustainable and fair trade, notably through developing incentives to trade in sustainably produced goods and encouraging export credits consistent with sustainable development;
- further development and implementation of the Union's "Water for Life" and "Energy for Poverty Eradication and Sustainable Development" initiatives;
- contributing to the development of regional sustainable development strategies, building for example on the experience gained in the context of the EUROMED process;
- timely elaboration at both international and EU level of the 10-year framework of programmes on sustainable consumption and production, on which the EU should take the lead;
- urging other Parties, in particular the Russian Federation, to ratify the Kyoto Protocol, so as to permit its timely entry into force;
- strengthening international environmental governance, which could lead to the upgrading of UNEP into a specialised UN agency with a broadly-based mandate on environmental matters.