



Brussels, 11 June 2007

To : President José Manuel Barroso
Secretary General Catherine Day
Commissioners Stavros Dimas & Laszlo Kovacs
Director General DG Environment Peter Carl
Director Sustainable Development-DG Environment T.T.Makela

Concerning: first review EU Sustainable Development Strategy

Dear Madam/Sir,

We are aware that the Commission is currently working on a first review of the EU Sustainable Development Strategy as adopted by the June 2006 European Council. The EEB attaches great importance to the timely and adequate implementation of this Strategy.

We realise that the member states have an important role to play in the implementation of the EU SDS. The review can play an important role to speed up and improve national implementation. To this end, we call upon the Commission to check the national strategies systematically against all main objectives from the EU SDS, and send clear messages on good practices and suggestions for improvement back to the member states.

But also at EU level we need more speed and attention for a number of issues. In several fields we are happy to see progress and political priorities being chosen, notably in the area of energy and climate. However, we wish to draw your attention to some key issues which in our opinion deserve more attention from the Commission in order to lead to successful implementation of the SDS.

Especially in the light of the coming European Council in December, where progress will be evaluated, we recommend the Commission to start additional activities on the following issues:

1. Tax Reform (market based instruments)

In the past months, the advantages of environmental tax reform – shifting taxes from labour to resource use and pollution - have come more positively to the forefront, also thanks to the Commission who organised a successful conference and presented a green paper on market based instruments. It is important to keep this momentum going with active political support and involvement from Commission and Council. The green paper offers interesting information and discussion, and we look forward to the input from civil society. However in the meantime, Commission and Council need to prepare already for the next steps. Based

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on the reactions to the green paper and outcomes of the other events and fora, we urge the Commission to prepare with pro-active member states an explicit proposal for applying the open method of coordination in this field, to be discussed in the December Council.

2. Harmful subsidies and EU Funds

In the SDS, the Commission has the responsibility to produce by 2008 a roadmap for the reform and elimination of environmentally harmful subsidies (EHS). This process runs the risk of being delayed as it is still politically sensitive as well as lacking staff and resources to support it. Therefore the deadline needs to be more precisely defined and resources should be made available to deliver meaningful proposals. The roadmap should be ready for discussion by the 2008 spring Council.

For the process to be successful, member states need to start immediately a similar exercise at national level. The Commission should ask the member states to start this exercise and provide them with a common framework. The results of the study which the Commission has commissioned to IEEP and other institutions offer a good basis for the work on EHS.

We also propose that the Commission starts scanning all EU funds 2007-2013 for harmful effects, for example EU funds for building roads which affect biodiversity and environmental quality, or for building waste incineration plants instead of the necessary reuse and recycling infrastructure needed to create the European Recycling Society, especially in the new member states.

Special attention is also needed for the **upcoming subsidies** for biomass based energy, where sustainability criteria are desperately needed, to avoid that activities with negative environmental or social impacts are directly or indirectly subsidised with EU or national funds.

In the field of development cooperation, strategic environmental assessment and impact assessment for all EU financed programmes and projects are crucial and should be guaranteed.

3. Integrating eco-efficiency and sustainable production and consumption with the Lisbon strategy

The mounting evidence of the benefits of applying market based instruments and environmental tax reform should gain a more prominent role in the next round of evaluating and reporting on the progress with the Lisbon Strategy, with more commitments in line with the points proposed above. More binding commitments for energy and resource efficiency and technological innovation need to be incorporated in the Lisbon Strategy

Recently, the European Parliament considered that by 2030 the use of primary non-renewable resources in the EU must be reduced by a factor of 4, or the use of natural resources must be halved by 2030 while simultaneously increasing worldwide prosperity. MEPs stressed that the EU should adopt a clear target for the absolute reduction of resource use, given that the analysis in the Annex to the Commission's Resources Strategy Communication indicates that we need to go beyond a 3% annual resource efficiency improvement. In the Annex of that Strategy, it is clearly stated that stabilising material use will not be enough to reduce economy-wide environmental impacts and achieve sufficient decoupling, therefore percentage resource efficiency gains are needed beyond the percentage of economic growth. Halving resource use in the period 2005-2030 requires a resource efficiency increase of about double the annual GDP Growth. The current, more or less autonomous annual efficiency improvement is 2,2%, so rather similar to GDP growth.

As consequence, the Action Plan for Sustainable Production and Consumption which is anticipated in 2008, should have binding targets, such as:

1. to reduce primary resource use by a factor of 4 by 2030

2. to increase eco-efficiency at least twice as fast as annual GDP growth.
3. to arrive at 100% green public procurement by 2010
4. to ensure that by 2010 12 % of the products on the EU market are produced according to sustainability criteria, achieving 100 % by 2030.

The Action Plan should more generally aim at bringing Europe's footprint to a sustainable level in line with global carrying capacities, taking the imports of raw materials and products into account. Europe's land use abroad (through imports of natural resources and products) should be a point of concern. This becomes even more pressing with the promotion of biofuels which will increase the total use of land by the EU.

These targets should also be integrated and actively supported in the Lisbon Strategy. The implementation of ETAP, ecological tax reform and a quick introduction of performance targets for all major product groups can be instrumental to reach these targets.

4. Transport pricing and emission control

As one of the fastest growing sectors transport is receiving political attention, but more progress is urgently needed, given the large contribution of transport to climate change and air pollution. In the SDS, the Commission is requested to present a model for calculating external costs as a basis for infrastructure charging by 2008. This can make a relevant contribution, but is not the key issue. The preparation of EU wide application of transport pricing cannot wait for such studies, which will never give a final answer anyway. Political commitment to start as soon as possible with a form of general infrastructure charging, which might start modest, but increases systematically, even very modest, is the first priority here. In fact proposals to this end were already announced in the first SDS but never realised. The Commission should start working on practical proposals with pro-active member states. Road pricing for truck should be harmonised at a high level throughout the EU.

The EEB is, as always, interested in prepared in working with you on the review

Yours sincerely,



John Hontelez
Secretary General
European Environmental Bureau