



# INPUT FROM THE EUROPEAN ENVIRONMENTAL BUREAU TO THE INFORMAL ENVIRONMENT COUNCIL MEETING

16-18 JULY 2004

MAASTRICHT, THE NETHERLANDS

## concerning 'Clean, Clever and Competitive'

The European Environmental Bureau would like to congratulate the Dutch Presidency for choosing this theme, for its thorough preparations for the discussion and for its challenging proposals. We are appreciative of the invitation to participate in this event, as it gives us a great opportunity to be involved in a direct and frank discussion with the Ministers of all EU Member States on such an important topic.

In this paper the EEB comments and makes suggestions for the discussion on Maastricht. The background for our input is the Presidency's document 'Clean, clever and competitive, grasping the opportunities of eco-efficient innovations'.

### 1. Eco-efficiency and the Lisbon Process

The EEB shares with the Environmental Council the desire to have the Lisbon Strategy objectives reformulated, so that they explicitly include the ambition of the EU leading the world on eco-efficiency. However, we have not yet reached that far. In the coming eight months the Environmental Ministers should use all possible avenues to ensure that this ambition is introduced in the mid-term review of the Lisbon Strategy.

As with other elements of the Lisbon Process, this ambition needs targets, indicators and time-tables. While any eco-efficiency gains can be seen as positive for the economic strength of the specific company or sector in which it takes place, this does not necessarily mean it contributes substantially to the sustainable development of a country, the EU or the planet.

**The Informal Council should therefore call upon the Commission to include ambitious targets, indicators and timetables in the Thematic Strategy on Resource Efficiency, to come out in the first half of 2005, and ensure that the Spring Summit 2005 declares the need for this Strategy to become part of the further implementation of the Lisbon Strategy.**

### 2. Setting clear overall objectives

The EEB regrets that the Environmental Council did not discuss the Commission's Communication 'Towards a Thematic Strategy on the Sustainable Use of Resources' (COM(2003) 572 final. The EEB did respond (14/11/03, paper available at the meeting). Among our main concerns was that a first attempt was missing which would, '*propose specific objectives, targets, policy instruments and actions for resource use reduction, innovation and efficiency.*' Another EEB comment was: '*The tone is too negative and defensive: the positive challenge and objective of finding win-win situations to bring economic activities in line with sustainable resource use and sustainable production and consumption is lacking.*'

In its response, the EEB reminds Ministers of the guidance in the 6<sup>th</sup> Environmental Action Programme: *'aiming to ensure that the consumption of renewable and non-renewable resources does not exceed the carrying capacity of the environment.'*

**The EEB calls upon the Environmental Council to insist to the Commission that the Thematic Strategy should aim for:**

- **large reductions of the use and imports of fossil fuels, through a combination of efficiency improvement and a dramatic increase in renewable energy sources available in the EU**
- **large reduction in the use of primary non-renewable (a-biotic)resources (metals, minerals)**
- **the use of renewable resources only from sustainably managed (biotic) resources (agriculture, fisheries)**

**In 1997, at the Rio +5 UN General Assembly, the Netherlands, on behalf of the EU, made a plea for a Factor 4 to 10 efficiency improvement. This is still the objective that we should take seriously.**

### **3. Promoting innovation: general comments**

Setting targets for a society by itself does not move economic actors to invest in innovation. Such targets need to be converted into specific drivers. The Presidency is presenting a range of such drivers ('Strategies to promote eco-efficient innovation'). In principle we agree with all of them.

We do think that some strategies will lead to more impressive and reliable impacts than others. The EEB is convinced that the combination of legislation and market instruments is key to environmentally-motivated innovation. Environmental legislation sets the borders within which economic actors have to act. In order to stay within these borders, such actors have to adapt their production processes, distribution and features of products. If the legislation is ambitious (with regards to its environmental and public health objectives) and enforcement is strong, this incentive is strong. Market instruments are most effective where the objective is to change trends in consumption and production, without the possibility or need to oblige individual actors to specific standards of performance [more on these topics, see below].

With regards to the 'softer' approaches, such as rewarding front-runners, stakeholder dialogue, informing and mobilising consumers, we agree they have a role to play.

**The EEB would plead not only for rewarding front-runners, but to make them the key partners in promoting innovation, instead of the federations of business and industry, where conservative forces tend to dominate.**

Recent examples are the fight around the draft chemicals policy (REACH) and the Directive on Waste from Electric and Electronic Equipment. UNICE/CEFIC influenced small companies with flawed information about REACH's likely impact on jobs, while, at the same time, more and more downstream users insist on a strong REACH. UNICE campaigned against individual producer responsibility in the WEEE Directive, whereas a coalition of large companies campaigned in favour. Also, the EEB urges Ministers not to rely too much on official Corporate Social Responsibility Processes, as they are dominated by conservative European business federations

With regard to mobilising the consumer, it is important that information is reliable. For example, this means that eco-labels should be awarded only to products and services that are having a significant lower impact on the environment and for which a producer has made considerable efforts.

**To that extent it is important that, in the decision-making on eco-label criteria, the role of business remains limited to providing technical information on request.**

## 4. Make the market work for environmental innovation

The Presidency rightfully states that '*a market that sends the right price signals is crucial for eco-efficient innovation.*' And it focuses on '*the phasing-out of environmentally harmful subsidies and the internalisation of environmental costs*'. The EEB is of the opinion that the Presidency could have made more specific proposals with regards to environmental tax reform and the use of public procurement.

Environmental tax reform in the EU is handicapped due to strong resistance from business and industry, exploiting the fear of loss of competitiveness. The OECD in particular has shown in studies that such fears are exaggerated. And one should not forget that at national level a tax reform (shifting part of the tax burden on labour to use of resources and pollution) will not only create losers but also winners.

An ambitious EU-wide reform is very difficult to achieve, given the ongoing requirement for unanimity. However, these difficulties do not remove the logic and inevitability of such a reform.

16% of EU-wide GDP is spent by public authorities. The new Directive 2004/18 allows authorities to set environmental criteria, both for the products and the production processes. Thereby public procurement could become a powerful tool to trigger environmental innovation. But the EU and national governments should go one step further and actively promote the greening of public procurement. The results of a study for the Commission in 2003 show that there are two EU states with a high level of commitment to green purchasing: Denmark has 40% of administrations that include environmental criteria for more than 50% of their purchases, and for Sweden already 50% of administrations already do so.. Other countries are lagging behind.

The EEB does not stand alone in its promotion of subsidy and tax reform and of greening public procurement. The European Trade Unions Confederation and the Platform of European Social NGOs explicitly support these demands (also see our joint Manifesto 'Investing for a Sustainable Future' of November 2003 and several joint messages to Spring Summits).

**The EEB calls upon the Environmental Ministers to:**

**On subsidy reform: take an active part in the discussion the Presidency aims to start in the Ecofin Council, (finally) responding to the 2003 Spring European Council Summit request to '*encourage the reform of subsidies that have considerable negative effects on the environment and that are incompatible with sustainable development*'. Insist that this work will lead to a first result for the 2005 Spring Summit, that Ecofin takes a broad view on this issue, in a phased approach, whereby actions will be proposed for the short term where the problems and solutions are obvious (for example, subsidies on fossil fuel consumption and consumption, as already proposed by the European Commission in its 2001 Sustainable Development Strategy), while opening up discussions on more hidden subsidies, such as tax exemptions or rebates for environmentally problematic activities.**

**On environmental tax reform: launch a process of promotion and coordination of national environmental tax reform policies, with the aim of accelerating such reforms by reducing the resistance inspired by (perceived) competitiveness concerns. Set ambitious targets for this process (such as a 10% shift in tax revenues from labour-related taxes to environment-related taxes in a period of 10 years). Discuss the possibility of launching a process of enhanced cooperation, if that would increase the scope for the reform.**

**On public procurement: take an active part in the national transposition process of Directive 2004/18 on public procurement rules. This Directive provides opportunities for authorities to select products and services on environmental criteria, but these opportunities should be safeguarded, emphasised and explicitly promoted in national legislation. At the same time, launch a major campaign for authorities at all levels in your country to actively promote environmentally-sound procurement, where possible triggering environmental innovation. Organisations such as ICLEI should be involved in these national campaigns, and DG Environment's website on green procurement should be continuously improved and used.**

## 5. The role of environmental legislation

While the Presidency paper is positive about the role of environmental legislation, we know that one of the priorities of the Dutch Presidency is reducing the legislative burden for business and industry. The EEB fears also that, in the debate on innovation, existing environmental legislation will be cited as a barrier for innovation. We stress strongly that such a blanket approach is inappropriate. We insist that the existing environmental acquis of the EU serves a purpose. It is not ideal, and we are fully aware that some parts need to be improved. Most need better implementation and enforcement, which, in our view, is mostly a matter of political will.

**The EEB calls upon the Environmental Ministers to be very careful in following calls for legislation reform in order to give business and industry more room for manoeuvre. Insist on a specific discussion about specific pieces of legislation, and ensure that where details are removed, environmentally effective enforcement remains intact as much possible. Ensure that environmental experts and environmental organisations are fully involved in such processes. And ensure that a simplification process which has doubtful added value will not impede badly needed further development of effective environmental policies and integration of environmental objectives into sectoral policies.**