



## **EEB response to the Progress Report on the Sustainable Development Strategy 2007**

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### **Introduction**

When the EU SDS was adopted in June 2006, it contained the obligation that the Commission would submit every two years, starting in September 2007, “a progress report on implementation of the SDS in the EU and the Member States also including future priorities, orientations and actions.”

Article 38 of the SDS states that the December European Council should review progress and priorities every two years. They can thus ensure coherent treatment of cross cutting issues in the Lisbon strategy which is a topic for the Spring European Council.

Given this important role of the December Council, the messages of the Commission’s SDS progress report, although based on an impressive amount of work by Commission and member states, are very disappointing and a missed opportunity as a preparation for real Council discussions. The Commission seems to carefully avoid any clear strong messages or points for debate for the Council.

The Commission seems to suggest that a lot of issues are being covered, that many positive things have happened and that unfortunately some objectives are unlikely to be met in time. We miss an open analysis of why progress is only ‘modest’, which obstacles or complications have arisen and what needs to be done by Commission and Member States to overcome the major barriers to real progress.

The staff working paper is only just a little bit more open on problems such as on the controversies around the sustainability of biofuels which are increasingly being subsidised by member states, or the fact that most member states have not started a policy to improve resource efficiency. On transport, which is a large and fast growing greenhouse gas emitter while most other sectors decrease their emissions, there are some soft worded suggestions for actions that can be taken by member states. The sense of urgency to really reverse this worrying trend with more effective measures cannot be noticed, while the Commission obligation to present an external cost model as a basis for a crucial instrument as infrastructure charging can only be detected in the Staff Working Paper.

**The EEB urgently calls on the European Council to address the crucial issues that can help to get real progress by organising high level leadership for the SDS, developing and applying effective economic instruments EU wide and setting ambitious and measurable targets related to crucial objectives in the SDS.**

In the next pages we elaborate some key issues which are in our opinion crucial for a successful implementation of the SDS.

### **High level leadership with concrete actions**

The Commission must perform its key role in implementing the Sustainable Development agenda. As some member states have the prime minister leading the implementation of the national SDS, **the Commission should set up a coordination group led by President Barroso, with a major part for Commissioner Dimas**. This will ensure that the Commission practises what it reluctantly admits when asked, which is that the SDS is the overarching framework under which the Lisbon Strategy operates.

**The Commissioners' Task Force should initially ensure full and timely execution of the Commission's tasks set out in the Strategy, and prepare proposals for the 2008 Spring European Council which supplement the Lisbon Strategy with targets, actions and guidelines that contribute to real sustainable development.**

**In a similar way, the heads of state could make a pledge that they each will take on leadership and responsibility for the national integration of the EU SDS in all policies and the proper and timely implementation of national SD strategies.**

Connected to this they need to adopt a number of concrete objectives and actions that can be implemented and inspire. Recently the French President Sarkozy gave a positive example of leadership in this field.

### **Tax Reform (market based instruments)**

*Proposals on OMC needed*

The Progress Report does not touch upon the important issue of a tax shift from labour to resource and energy consumption and/or pollution, despite the fact that this is mentioned in article 23 of the SDS and that it can contribute to the objectives of the SDS as well of the Lisbon Strategy.

In the past year, 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.

**Based on the reactions to the green paper and outcomes of the other events and fora, the Commission should prepare with pro-active member states (such as Austria, Estonia, Germany, France, The Netherlands, Slovenia, and Sweden), an explicit proposal for applying the Open Method of Coordination in this field, to be discussed in the 2008 Spring Council, linking it with the Lisbon Strategy.**

As all member states have some forms of environmental or energy taxation or even a real tax shift in place there is enough common ground to start from.

## **Harmful subsidies**

### *Public process to be set in motion*

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. The Progress Report unfortunately makes it clear that since 2006 not much has happened: “*in the course of 2008 the Commission will (...) start to examine how to identify and phase-out environmentally harmful subsidies*”.

Also most member states lack attention on this topic, despite its being mentioned both in the SDS and the Lisbon guidelines. The topic was already mentioned in the 2001 EU SDS, but we are still without concrete results in the policy field. The Council should repeat this commitment and urge all member states and the Commission to produce concrete results in 2008.

We expect that this commitment in the EU SDS will receive a lot of public support when the public is properly informed and involved, as public money is involved. Therefore resources should be made available to deliver meaningful proposals with the help of European civil society. The results of the study which the Commission has commissioned to IEEP and other institutions offer a good basis for the work on EHS.

**The Commission should start a wide public consultation as soon as possible, asking for specific proposals from European civil society on which harmful subsidies should be reformed or eliminated and why and how this should be done.**

The consultation should apply to EU funds as well as national subsidies and should be properly announced to the public in all member states. The EEB with its large network of national member organisations is prepared to assist the Commission and member states in this work.

For the process to be successful, member states need to start a similar exercise at national level, asking their own services as well as civil society to respond to the Commission consultation. The Commission should ask the member states to start this exercise and provide them with a common framework.

**The December Council should support this approach and commit all member states to actively cooperate with the Commission on this issue. The reform of EHS – already mentioned under integrated guideline nr 11 - should also be put as priority element of the Lisbon Strategy as these subsidies distort markets in a way opposite to the Lisbon objectives.**

## **EU Budget**

### *Screen EU Funds and prepare SD-proof budget*

Unfortunately we did not see any meaningful discussion in the Progress Report on this topic.

**The Commission should immediately start scanning all EU funds for the period 2007-2013 for consistency with the SDS objectives.**

It is not acceptable that EU funds are still contributing to harmful effects, for example EU (co) funding 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.<sup>1</sup>

**In a similar way, the Commission should scan the national development programmes submitted by the member states for the new budget period for their positive or negative contribution to the objectives of the EU SDS.**

This can already be done on the basis of Article 25 of the EU SDS on EU funding promoting sustainable development. Based on the debate launched on budget reform further improvements can be proposed, but in preparing the budget period 2014-2020 full integration with the EU SDS should in any case be a major objective.<sup>2</sup>

**To that end, the Council should receive concrete proposals from the Commission for its meeting in December 2009, when it will discuss the next SDS Progress Report. The full budget 2014-2020 should become 'Sustainable Development – proof'.**

Therefore, the EEB also proposes to discuss in the EU Budget review the Commission kicked off on the 12<sup>th</sup> September, the need for the EU Sustainable Development Strategy to become the lead framework for the determination of future EU Budgets, both concerning objectives and sizes of individual budget lines as well as criteria and conditions for their use. A fundamental review of the EU SDS is therefore required by 2011 in order to lead the agreements on the Financial Perspective 2014-2020.

**Suspend biofuels target and subsidising**

*Biomass certification criteria*

**Special attention is also needed for the increasing financial support for biomass based energy and especially biofuels, 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.**

From the national SDS reporting and from our member organisations we understand that almost all member states have subsidies and/or tax exemptions which promote the use of biofuels without applying minimum criteria for the greenhouse gas effectiveness and sustainability of production.

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<sup>1</sup> CEE Bankwatch Network has published many such cases, see [www.bankwatch.org](http://www.bankwatch.org).

<sup>2</sup> Worthwhile reading in this field is a recent publication by the UK based environmental charity "Green Alliance": "*Investing in our future: a European budget for climate security*", demanding that climate change is put at the heart of the EU Budget, see [www.green-alliance.org.uk](http://www.green-alliance.org.uk)

This unconditional state support for biofuels has a high risk of spending a lot of public money which will save little CO2 emissions and cause other environmental and biodiversity problems. According to the European Council conclusion on the “Energy package” from 8/9 March 2007 the “binding character of this target (10% target for biofuels) is appropriate subject to production being sustainable...”. All the current evidence suggests that the 10% target cannot be reached in a sustainable way under the current conditions.

Moreover, for the longer term, biofuels can only have a relatively small share in renewables because land resources are increasingly scarce due to changing food patterns in developing countries such as China. They are rapidly increasing their demand for meat and dairy products which take more land to produce than the traditional diet. The higher pressure on land will lead to more conversion of forest and natural areas into agricultural land. Rising food prices are a recent point of concern and indicate already the joint effects of increasing demand (both for food and biofuels), bad harvests due to bad weather conditions and high oil prices.

At the least, certification criteria should be designed as a tool to regulate the production of biofuels and ensure that they provide significant greenhouse gas savings over the whole life cycle and do not cause, directly or indirectly environmental damage or social problems.

**The Commission should produce draft legislation as soon as possible to fill the current vacuum. In the meantime, the 10% biofuels target and (unconditional) subsidising of biofuels should be suspended and critically evaluated with input from stakeholders, including environmental and development organisations.**

### **Boost solar energy and other renewables**

*Give more direction to a broad renewables policy*

Unfortunately, the European Council, besides setting a 20% general target for renewables by 2020, did not set other specific targets than for biofuels, whereas biofuels are likely to be the least sustainable option in the range of renewables. Unfortunately, due to the EU focus on biofuel targets, also most member states are devoting much attention and resources to biofuels.

EEB joined other organisations in pleading for sectoral targets in the heating and cooling sector and the electricity sector. Beyond this, it should be considered whether specific targets to boost, for example, solar energy, could help to focus research and investments in that direction.

**We need mechanisms to support the cleanest and most sustainable renewables. This should ensure that the EU keeps the technological and economic development of a potentially much more efficient and sophisticated energy source going, and avoid that all money is put into the biomass based energy option which might turn out to be an unviable alternative.**

## **Integration of the SDS in aid policy**

*Screen development aid*

**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. Also the member states should apply this.**

We believe that this is not yet a common practice in member states, with some exemptions.

## **Integrating eco-efficiency in the Lisbon strategy**

*Bring resource efficiency to the forefront by setting targets*

Energy efficiency is a topic that is currently getting a lot of attention from the EU and member states, thanks to a clear target. But resource efficiency (for other resources than energy) receives very little attention so far. The topic is lacking in most national reports, despite the objectives, targets and actions mentioned in the EU SDS as well as in the Lisbon guidelines.

The production and use of materials are important contributors to CO2 and other emissions - and simultaneously prices of raw materials are generally on the rise. Thus using less material input for the same service will benefit both the environment and competitiveness.

**Member states and Council need to introduce more binding commitments for resource efficiency and related technological innovation. These should be incorporated in the national SDSs as well as in the (European and national) Lisbon Strategy, in addition to those for energy efficiency.**

**The June 2007 Environment Council Conclusions on Environment, Innovation and Employment should be fully integrated in the Lisbon Agenda, with special attention for the articles 25, 26, 27 and 28, which mention amongst other integration in all EU policies, top runner approaches regulation, a broader use of economic instruments, ambitious environmental policies and setting ambitious targets for Green public procurement (see Annex).**

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.

## **Sustainable production and consumption**

*Produce an Action Plan with concrete targets*

**The Council could demand that the Action Plan for Sustainable Production and Consumption (which is postponed and now anticipated in 2008) will include 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 be based on a visionary and holistic approach, thus 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, potentially resulting in destruction of biodiversity and threatening traditional land use by local communities outside the EU.

These targets for sustainable production and consumption should be integrated and actively supported in the Lisbon Strategy.

The implementation of ETAP, ecological tax reform and a quick introduction of performance targets or lead standards for all major product groups as announced under ETAP can be instrumental to reach these targets. In addition, member states should better inform the public on sustainable consumption, incorporate the issue in the education system and invite business to change the role of advertisement to contribute to promoting more sustainable consumption patterns.

*Introduce a benchmark target for Green Public Procurement*

Green public procurement is generally supported by member states, but very few have committed themselves to a concrete target. The EU SDS aims for a EU average level equal to the current best performing Member states. An ambitious target, also linked to the Lisbon Strategy, can help to speed up eco-innovation.

**The Commission should propose as soon as possible a practical benchmark for member states, thus providing members states with more clarity. The heads of state could already commit themselves to the target of reaching 100% by 2010, which is the objective of the most ambitious member state.**

## **Transport pricing and emission control**

As one of the fastest growing sectors, transport is receiving some political attention but more progress is urgently needed, given the large contribution of transport to climate

change and considerable health impacts due to air pollution and noise problems. Especially the dramatic growth forecasts for road and air transport should receive much more political attention as they are potentially undermining important EU objectives such as on reducing greenhouse gas emissions, air quality and noise. The SDS objective of decoupling economic growth and demand for transport should be taken much more seriously. The soft wording in the Progress Report is not an adequate response to the dramatic growth of transport all over Europe.

**The Council should make it clear that sustainable transport is a top priority and needs urgent and effective actions at EU level as well as at member state level, as described below.**

*Produce a concrete proposal for infrastructure charging*

**The Commission should without delay present a model for calculating external costs as a basis for infrastructure charging by 2008, as requested in the EU SDS. This can make a relevant contribution when it is applied to promote sustainable transport policy and environmental tax reform. The Commission should start working on practical proposals with the member states. Road pricing for trucks should be harmonised at a high level throughout the EU. Infrastructure charging is a litmus test for the commitment to a more sensible transport policy.**

*120 mg for 2012 and 80 mg for 2020 legislation for CO2 emission by cars*

**The 120 g/km target should be implemented; it was already proposed in 1994, thus by 2012 the car industry will have had 18 years to comply. The historic and current inaction should not be used as an excuse to water down targets and timetables, nor to weaken the compliance regime, e.g. through mild financial sanctions for non-compliance. Also, a clear and binding target of 80 g/km for 2020 is needed.**

In addition, carbon trading might be a good instrument to limit transport GHG emissions.

*Make the choices for modal shift and thus be reluctant with increasing road capacities*

On modal shift and alternatives to road transport we see a deplorable lack of action despite the commitment in SDS to favour environmentally friendly modes. Some investments in public transport are being made in several countries but the mechanisms (pricing, spatial & urban planning) to encourage modal shifts seem to be lacking in most cases. Investments in walking and cycling facilities as alternatives can only be found in a few national reports.

**The planning of sustainable transport should be put high on the political agenda as an important part of meeting climate objectives as well as objectives for environmental health (air quality, noise and safety). As various European cities have shown, it is possible to organise and plan in such a way that journeys are shortened, cars are used less, environmentally friendly modes become attractive and air gets cleaner.**

We see in all EU Member states landscape and biodiversity threatened by new road projects, many financed by the EU. Resources for roads are on the increase.

**The Council should warn that road building can undermine the agreed modal shift, as more road capacity attracts more traffic and consumes resources for other modes. In addition member states should be urged to respect Natura 2000 areas when designing new infrastructure.**

### **Protection of natural resources and biodiversity**

#### *Better and quicker implementation*

In most countries there is some progress in realising the Natura 2000 network, but NGOs are generally not impressed by the speed and quality of protection and management.

**The quicker and better implementation of Natura 2000 should be a high priority.**

Designation and implementation of Natura 2000 in the Marine Environment has so far been hindered by both a lack of political will as well as a lack of monitoring data. Now that the Commission's guidelines for the establishment of the Natura 2000 network in the Marine Environment have been adopted earlier in 2007.

**Member States should give the highest priority to gathering the necessary data for designating Marine sites so that the 2008 deadline for designation, as agreed in the 2010 Action Plan, will be met.**

Most member states pay little attention to sustainable agriculture and fisheries in their national reports. This is partly due to the fact that the EU SDS has hardly included these topics. The Progress report does not propose to change that.

**The EU SDS objectives have to be explicitly applied in the CAP health check.**

### **Better NGO and civil society involvement**

In general we have seen in the member state reports little acknowledgement of the role of NGOs to help build public support and promote the implementation of measures that enhance sustainable development. The same is true for the Progress Report, which only mentions one occasion of civil society involvement namely an EESC Stakeholder Forum in May 2007. However, civil society can and should play an important, diverse and permanent role in realising sustainable development.

**The Council should stress the important role of NGOs and ask Commission and member states to better involve NGOs and other stakeholders in the elaboration and implementation of the SDS, aiming at practical and attractive solutions in all policy fields.**

**To get better involvement of civil society, it is also necessary that there is high level political leadership with concrete objectives and actions.**

The “Grenelle de l’environnement” in France shows that this can work. Lack of civil society interest and involvement is often also due to a lack of political leadership on the issue and vagueness of national strategies.

**Member states should be urged to set up and actively involve SD Councils if they have not yet done so: currently only 13 member states have an Advisory Council on sustainable development.**

### **Pro-active role of the Council**

**The EU SDS also includes the commitment that Council formations verify implementation of the SDS in their areas (art. 44). We have not yet seen this happen: the Council should ensure that this is implemented on a short term basis.**

### **The character of national SDSs and the reporting process**

*Measurable results and honest analysis needed*

The national reports provide a lot of information, but most of this information is descriptive and qualitative and thus difficult to compare against specific targets and benchmarks.

This is partly due to the nature of national strategies which are often more declarations of intentions than action programmes with specific measurable targets. Furthermore most progress reports want to stress the positive points and do not analyse the difficulties or controversies they have met.

The Commission’s Progress Report has a similar problem of being descriptive and trying to be positive - not analysing major obstacles, political controversies or new challenges and chances.

**The Council should recommend that Commission and member states develop more measurable targets related to the EU SDS objectives, either in their national SDS or directly in the relevant policy field such as energy and transport. In addition, they should analyse important barriers, controversies and opportunities.**

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## ANNEX

### Council Conclusions on "New IMPETUS for EU Environmental Policy"

- I. Mid-term review of the 6th Community Environment Action Programme
- II. Economic Instruments
- III. Environment, Innovation, Employment

2812th ENVIRONMENT Council meeting, Luxembourg, 28 June 2007

The Council adopted the following conclusions:

[..]

III. Environment, Innovation, Employment

[..]

25. CALLS FOR a systematic review of the impact of all relevant EU policies with a view to integrating eco-innovation across all relevant policies so as to foster eco-innovation rapidly and on a broad scale; this review should form the starting point for the proposals to be presented by the Commission early in 2008 for achieving an integrated strategy for the promotion of eco-innovation;

26. IS OF THE OPINION that the review should open up new impetus to the Lisbon strategy for growth and jobs, since Europe's competitiveness will increasingly depend on whether it can become the most energy and resource efficient area of the world;

27. STRESSES that governments should act to provide the adequate framework and incentives to overcome barriers that prevent Europe from fully tapping the potential of eco-efficient technologies; EU and national Environment policy must provide industry with environmental legislation setting ambitious and realistic standards, which take into account small-scale industry, and that provide benchmarks and trigger innovation, while using a creative mix of push and pull instruments that support energy and resource efficient innovations on a broad basis;

28. POINTS TO the following policy instruments which should support the innovation process and capitalise on the full potential offered by eco-innovations:

- environmental regulation with lead standards such as supported by "top runner approaches" that take into account that industries need reliable and appropriate framework conditions, inter alia through implementing the Directive on eco-design requirements for energy using products. Other measures like extending eco-design provisions to non-energy consuming products should focus on biodiversity, resource efficiency, hazardous substances, noise, recyclability and biodegradability. Such measures should also aim to contribute to international competitiveness;

- a broader and more effective use of economic instruments at both EU and Member State level to bring about market-based push-and-pull to speed up technological shifts, notably in relation to energy and fuel consumption, transport and sustainable use of resources;
- greater synergies between the development of environmental regulation in the EU and the promotion of environmental technologies through the Environmental Technology Action Plan (ETAP); ETAP should continue to pursue targeted actions to promote research, dissemination and uptake of eco-technologies and should be developed to give guidance on financial investments for eco-innovation including for the Competitiveness and Innovation (CIP) Programme;
- build on the Commission endeavours on the promotion of and setting ambitious objectives and targets for Green Public Procurement (GPP), tender guidance for procuring environmentally best performing goods and services and for governments to act as launching customers, and the development of initiatives for green private sector supply chains; an ambitious Sustainable Consumption and Production Action Plan that contains robust proposals, and creates strong links to innovation, productivity and energy and resource efficiency;
- setting the right conditions for and supporting green lead markets, and removing barriers to their full realisation, through a coherent mix of policy measures based on R&D, ambitious industrial and environment policies both at EU and Member State level;
- encouraging research and development in sustainable environment and energy technologies, with a view to combating climate change and protecting biodiversity, notably in the fields of energy efficiency, renewable energies including second generation biofuels, clean coal technologies, storage technologies, in particular hydrogen, innovative electric grids, water management and recycling, taking into account their impact on the environment and their long-term effects;