

Sustainable development: environmental aspects

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PURPOSE: to present an initial stocktaking of the EU's Sustainable Development Strategy and identify future orientations.

CONTENT: The EU first set out its commitment to sustainable development in June 2001 when the Gothenburg European Council adopted the EU Sustainable Development Strategy (SDS) on the basis of a Commission Communication. In 2002, the Commission presented a second Communication focussing on the external dimension of sustainable development, which was endorsed by the Barcelona European Council. These texts together form the basis of the comprehensive EU Sustainable Development Strategy. The Commission has committed to review the Strategy at the start of each new Commission's term in office. This Communication provides an initial assessment of the progress made since 2001 and outlines a number of future orientations to guide the review of the Sustainable Development Strategy to be presented in a separate Communication to the European Parliament and Council later this year.

While some progress has been made in implementing the Strategy and immediate results cannot be expected, it is clear that much remains to be done. There are few signs that most of the threats to sustainable development have been reversed. They require urgent and continued attention.

The main points raised in the document are as follows:

1) Changing the way we make policies. Since 2001 a "new way of policymaking" has been introduced to make policies more coherent and to create the right conditions to promote sustainable development.

- *Improving policy coherence:* The integration of a number of horizontal principles of the Treaties in all EU policies is a central objective. However, a first stocktaking in 2004 of the Cardiff process showed that progress has been limited so far. A new Impact Assessment mechanism was introduced in the Commission in 2003 as one instrument to help improve policy coherence. It is designed to assess the economic, environmental and social impacts of major policy proposals in an integrated manner and to make the trade-offs between competing goals more explicit. To date, the Commission has produced over 50 Impact Assessments on a wide range of policies.

- *Developing the open method of coordination:* The open method of coordination can be a powerful instrument to promote exchange of good practice, involve and mobilize stakeholders and put pressure on Member States to adopt a more strategic and integrated approach and deliver more efficient policies. Common objectives and common indicators have, for example, been agreed by the Commission and the Member States in the areas of social inclusion and pensions. Most Member States have set quantitative targets for the reduction of poverty and social exclusion.

- *Getting prices and incentives right:* Making sure that market prices reflect the true costs of economic activities to society will encourage changes in production and consumption patterns. To achieve this, market-based instruments like environmentally-related taxes, emission trading schemes and subsidies can be an effective complement to traditional regulatory measures.

- *Investing in science and technology:* Advances in knowledge and technological progress are key to achieving a balance between economic growth and social and environmental sustainability. There are many synergies to exploit between innovation for quality and performance and innovation to optimise energy use, waste and safety.

- *Communicating and mobilising citizens and business:* Civil society and the private sector play important roles in sustainable development.

2) Unsustainable trends

- *Climate change and clean energy:* Over the last 100 years, Europe's temperature has been rising faster than the global average, 8 out of 9 glaciers are retreating to a significant extent and extreme weather events have increased. Keeping the global temperature rise below the level at which more dangerous climate change becomes probable requires deep global cuts in greenhouse gas emissions.

- *Public health:* Threats to public health in the EU have continued to increase since 2001. Lifestyle-related and chronic diseases increase rapidly worldwide with obesity showing the most alarming developments. The HIV/AIDS epidemic has globally reached its highest level of infections ever and the proportion of newly reported HIV infections has more than doubled in Europe since 1996. Greater contact and mobility around the globe have increased the impact of health threats through infectious diseases such as avian flu and SARS. Bioterrorism is another new element. In developing countries, recent health and development gains have been reversed and the spread of major communicable diseases is a serious threat to their future development.

- *Poverty and social exclusion:* Poverty and social exclusion represent a growing problem. In the EU, around 15% of the population lives at risk of income poverty. The situation in some of the new Member States is of particular concern. Other worrying trends are the transmission of poverty and exclusion across generations and the disproportionate burden borne by certain population sub-groups (e.g. unemployed, single parents, disabled people, ethnic minorities).

- *An ageing society:* Population growth in the EU is projected to come to an end and a decreasing and ageing working population will have to support an increasing number of old people. The old-age dependency ratio is forecast to increase from 24% in 2004 to 47% in 2050.

Management of natural resources: Rapid global population growth means that by 2010 there will already be 400 million more people on Earth compared to now, essentially located in urban areas. In a world of growing 'interdependence' we cannot continue to produce and consume as we are doing today. Biodiversity is under threat. Fresh water is another precious natural resource under pressure. Overall, the global water crisis threatens lives, sustainable development and ultimately peace and security.

- *Land use and transport:* Despite the aim to decouple transport from GDP growth, the volume of transport continues to rise faster than GDP. This has impacts in a variety of areas, ranging from traffic congestion and health problems caused by air pollutants, to increased CO₂ emissions affecting the EU's targets on climate change.

In the light of the continuing challenges, Europe must not only stand by its commitment to a long-term agenda for sustainable development and a better quality of life, but also to find ways to tackle these more effectively. Europe's response will aim to do the following:

- **Reaffirm the basic principles of the European Union Sustainable Development Strategy:** Development can only be achieved if economic growth, social inclusion and environmental protection go hand in hand, both in Europe and in other parts of the world. The review will also take into account the EU's contribution to global sustainable development in two ways: first, by addressing the international aspects of the six unsustainable trends addressed by the strategy; second, by integrating into it the external EU policies that contribute to global sustainable development. In doing so, the EU will reconfirm and strengthen its commitment to take a leading role in driving the sustainable development agenda at global level.

- **Reaffirm the new approach to policy making and policy coherence:** The review will re-enforce the 'new approach to policy making' as the central means of placing sustainable development at the core of EU policy-making. In particular, the future EU Sustainable Development Strategy will give a further boost to the different components of the EU's Better Regulation agenda, including impact assessment, stakeholder consultation and regulatory simplification.

- **Maintaining a focus on key unsustainable trends and exploring the linkages between unsustainable trends in greater detail:** The review will maintain the Strategy's focus on main trends that pose a threat to sustainable development. Many of these trends can only be tackled through continued action over a long period of time and will involve major structural changes in the functioning of our societies and economies. However, this should not be an excuse for inaction in the short run.

- **Setting objectives, targets and milestones:** The approach taken in the 2001 strategy was to define medium-term headline objectives relating to each of the unsustainable trends and to identify a number of measures intended to address these. The review will confirm the need for clearer objectives, targets and related deadlines as a way of giving focus to action in priority areas and enabling progress to be measured.

- **Ensuring effective monitoring:** The decision in Gothenburg to ensure yearly monitoring of the strategy at the Spring European Councils has fallen short of expectations. A reinforced reporting system will be developed in the review. It will focus on the short and medium-term delivery of the strategy's objectives, combining and simplifying as far as possible current reports on sustainable development issues. The institutional responsibilities (particularly the roles of the European Council and the European Parliament) in the monitoring process will also be made clearer.

- **Strengthen ownership and improve co-operation with public and private actors at all levels:** Further action is needed to raise awareness, mobilise and involve stakeholders at all levels. It must be clear who is responsible for what action at what point in time and who will bear the costs. To this end, the Commission will explore how to create effective partnerships with industry, trade unions, non-governmental organizations and consumer interests, particularly with a view to discussing ways of helping to curb the unsustainable trends identified in the context of the review.