

Procedure file

Basic information			
INI - Own-initiative procedure	2010/2088(INI)	Procedure completed	
GDP and beyond - Measuring progress in a changing world			
Subject 3.70 Environmental policy 3.70.20 Sustainable development 4 Economic, social and territorial cohesion 4.70 Regional policy 5.03 Global economy and globalisation 5.05 Economic growth 6.30 Development cooperation			

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ENVI Environment, Public Health and Food Safety	EFD ROSBACH Anna Shadow rapporteur PPE SCHNELLHARDT Horst	02/06/2010
	DEVE Development	ECR DEVA Nir	17/03/2010
	ECON Economic and Monetary Affairs (Associated committee)	ALDE HARKIN Marian	19/05/2010
	EMPL Employment and Social Affairs	ITRE Industry, Research and Energy	13/07/2010
	REGI Regional Development	PPE HÜBNER Danuta Maria	
European Commission	Commission DG Environment	Commissioner POTOČNIK Janez	

Key events			
20/08/2009	Non-legislative basic document published	COM(2009)0433	Summary
17/06/2010	Committee referral announced in Parliament		
17/06/2010	Referral to associated committees announced in Parliament		

19/04/2011	Vote in committee		Summary
27/04/2011	Committee report tabled for plenary	A7-0175/2011	
08/06/2011	Results of vote in Parliament		
08/06/2011	Decision by Parliament	T7-0264/2011	Summary
08/06/2011	End of procedure in Parliament		

Technical information

Procedure reference	2010/2088(INI)
Procedure type	INI - Own-initiative procedure
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Legal basis	Rules of Procedure EP 54
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	ENVI/7/01693

Documentation gateway

Non-legislative basic document		COM(2009)0433	20/08/2009	EC	Summary
Committee opinion	DEVE	PE448.875	27/10/2010	EP	
Amendments tabled in committee		PE452.675	09/11/2010	EP	
Committee opinion	EMPL	PE448.777	11/11/2010	EP	
Committee opinion	ITRE	PE448.818	12/11/2010	EP	
Committee opinion	ECON	PE448.956	02/12/2010	EP	
Committee opinion	REGI	PE448.798	03/12/2010	EP	
Committee draft report		PE460.599	23/02/2011	EP	
Amendments tabled in committee		PE462.526	23/03/2011	EP	
Committee report tabled for plenary, single reading		A7-0175/2011	27/04/2011	EP	
Text adopted by Parliament, single reading		T7-0264/2011	08/06/2011	EP	Summary
Commission response to text adopted in plenary		SP(2011)8071	24/10/2011	EC	

GDP and beyond - Measuring progress in a changing world

PURPOSE: to improve data and indicators to complement Gross Domestic Product (GDP).

CONTENT: GDP is a powerful and widely accepted indicator for monitoring short to medium term fluctuations in economic activity. For all of its shortcomings, it is still the best single measure of how the market economy is performing. But GDP is not meant to be an accurate gauge of longer term economic and social progress and notably our ability to tackle issues such as climate change, resource efficiency or social inclusion. There is a clear case for complementing GDP with statistics covering other economic, social and environmental issues, on which people's well-being critically depends.

The Commission intends to step up its efforts to complement GDP. The aim is to provide indicators that measure progress in delivering social, economic and environmental goals in a sustainable manner. Ultimately, national and EU policies will be judged on whether they are successful in delivering these goals. Future policies should be based on data that is rigorous, timely, publicly accepted and cover all the essential issues.

Against this background, the Commission proposes to implement the following five actions:

Complementing GDP with environmental and social indicators: the Commission services intend to develop a comprehensive environmental index and improve quality-of-life indicators. Such a single measurement for the environment would help foster a more balanced public debate on societal objectives and progress. Commission services intend to present a pilot version of an index on environmental pressure in 2010. This index will reflect pollution and other harm to the environment within the territory of the EU to assess the results of environmental protection efforts. A fall in the value of the index will show that progress on environmental protection is being made. It will comprise the major strands of environmental policy: climate change and energy use; nature and biodiversity; air pollution and health impacts; water use and pollution; and waste generation and use of resources.

There is also potential to develop a comprehensive indicator of environmental quality, e.g., showing numbers of European citizens living in a healthy environment, and, in addition, the Commission has launched studies on the feasibility of well-being indicators and on consumer empowerment.

Near real-time information for decision-making: currently, there are considerable differences in the timeliness of statistics in different areas. GDP and unemployment figures are published frequently within a few weeks of the period they are assessing and this can allow near real-time decision making. By contrast, environmental and social data in many cases are too old to provide operational information e.g. on fast-changing air and water quality or work patterns. The Commission will therefore aim to increase the timeliness of environmental and social data better to inform policy-makers all across the EU.

More accurate reporting on distribution and inequalities: distributional issues attract increasing attention. For example, even if the GDP per capita figure for a country is rising, the number of people living at risk of poverty may be increasing. Policies affecting social cohesion need to measure disparities as well as aggregates such as GDP or GDP per capita. The Commission currently reports on a set of indicators agreed with Member States, to inform policy-makers about income disparities. The analysis also looks at education, health, life expectancy, and various non-monetary aspects of social exclusion. Indicators of equal access to quality housing, transport and other services and infrastructure that are essential to participate fully in society are being developed. In addition, the link between social exclusion and environmental deprivation has been gaining attention. Clean air and water, unspoiled landscapes and rich biodiversity on the one hand and pollution and noise on the other are not evenly distributed. These analyses will be regularly updated and their results published.

Developing a European Sustainable Development Scoreboard: EU Sustainable Development Indicators (SDIs) have been developed with Member States to monitor progress on the multitude of objectives of the EU Sustainable Development Strategy (SDS) and are reflected in the Commission's biennial Progress Report. However, this monitoring tool does not fully capture recent developments in important areas that are not yet well covered by official statistics (such as sustainable production and consumption or governance issues). The Commission is exploring the possibility of developing a Sustainable Development Scoreboard. The SD Scoreboard, based on the EU SDI set, could also include other quantitative and qualitative publicly available information, for instance on business and policy measures. The Commission services intend to present a pilot version of the SD scoreboard in 2009.

Extending National Accounts to environmental and social issues: the European System of Accounts is the main tool behind EU economic statistics as well as many economic indicators (including GDP). The national accounts will be complemented with integrated environmental economic-accounting that provides data that are fully consistent. As methods are agreed and the data becomes available this will be complemented with additional accounts on social aspects. This will provide an integrated evidence base to underpin policy analysis and identify synergies and trade-offs between different policy objectives.

The Commission recalls that several Member States now provide first sets of environmental accounts. Most common are the physical flow accounts on air emissions (including greenhouse gases) and the monetary accounts on environmental protection expenditure and taxes. As the next step, the Commission plans to extend data collection in these areas to all Member States. As a following step, physical environmental accounts could be set up for energy consumption, waste generation and treatment, and monetary accounts for environment-related subsidies. The Commission aims to have these accounts fully available for policy analysis by 2013. To ensure the accounts are comparable the Commission plans to propose a legal framework for Environmental Accounting early next year.

A further challenge in the development of environmental accounting is complementing physical environmental accounts with monetary figures, based on valuation of the damage caused and prevented, changes in the stock of natural resources and in eco-system goods and services obtaining comparable monetary measures at national and EU level. The Commission intends to step up work on monetary valuation and the further development of conceptual frameworks.

The Commission intends to report on the implementation and outcomes of the actions put forward by this Communication by 2012 at the latest.

GDP and beyond - Measuring progress in a changing world

The Committee on the Environment, Public Health and Food Safety adopted the own-initiative report by Anna ROSBACH (ECR, DK) on GDP and beyond ? Measuring progress in a changing world, welcoming the Commission Communication on the subject as a possible complementary tool to contribute to improved policy analysis and debates. GDP is an indicator of economic market activity that has become a standard benchmark used by policy-makers throughout the world. Members emphasise that GDP is a measure of production and does not measure environmental sustainability, resource efficiency, social inclusion and social progress in general. Furthermore, it can be misleading in the sense that remedial measures following certain incidents such as accidents and natural disasters are treated as a benefit instead of a cost. Members take note of the growing international recognition of limits to GDP as an indicator of social progress, natural resources and eco-system services, major transformations like those ensuing from climate change and sustainable development. They acknowledge progress made in different fora, such as the UNDP, World Bank and OECD, and by the Commission among others, on the development of indicators to measure and analyse progress.

The committee stresses the need to develop additional indicators for measuring medium- and long-term economic and social progress, that take account of climate change, biodiversity, resource efficiency and social inclusion as well as those that focus more closely on the household-level perspective, reflecting income, consumption and wealth. It expects that shifting attention towards broader and more sustainable indicators will lead also to more systematic focus on social and environmental factors in developing countries, including climate change, biodiversity, health, education and governance, and thereby enable development policies to target the most needy and disadvantaged

populations. Such indicators should be compatible and consistent with existing global initiatives, such as the UN Human Development Index. The report supports fully the establishment of a solid legal framework for the European Environmental Economic Accounts as a positive step in the ?GDP and beyond? process.

At the same time, Members stress the need to develop reliable, harmonised and timely statistics and to obtain series of data and indicators covering a long period that can be used in projecting future developments and designing policies. They recommend that various databases maintained by public authorities should be better used and combined and that similar methodology, common standards, definitions, classifications and accounting rules should be used in each Member State in order to guarantee the quality and comparability of data. Eurostat should play a major role in the process of proper data collection.

The report emphasises that the challenge is to develop a clear and comprehensible set of indicators that are at the same time theoretically consistent, politically relevant and empirically measurable and ensure comparability between countries and regions. This work must be done in close cooperation with other relevant institutions and organisations.

GDP and beyond - Measuring progress in a changing world

The European Parliament adopted a resolution in which it welcomes the Commission Communication on ?GDP and Beyond ? Measuring Progress in a Changing World? as a possible complementary tool to contribute to improved policy analysis and debates.

GDP is an indicator of economic market activity that has become a standard benchmark used by policy-makers throughout the world. The resolution emphasises that GDP is a measure of production and does not measure environmental sustainability, resource efficiency, social inclusion and social progress in general. Furthermore, it can be misleading in the sense that remedial measures following certain incidents such as accidents and natural disasters are treated as a benefit instead of a cost. Parliament takes note of the growing international recognition of limits to GDP as an indicator of social progress, natural resources and eco-system services, major transformations like those ensuing from climate change and sustainable development. It acknowledges progress made in different fora, such as the UNDP, World Bank and OECD, and by the Commission among others, on the development of indicators to measure and analyse progress.

The resolution underlines furthermore that it can be misleading in the sense that remedial measures following certain incidents such as accidents and natural disasters are treated as a benefit instead of a cost.

Parliament stresses the need to develop additional indicators for measuring medium- and long-term economic and social progress, that take account of climate change, biodiversity, resource efficiency and social inclusion as well as those that focus more closely on the household-level perspective, reflecting income, consumption and wealth. It expects that shifting attention towards broader and more sustainable indicators will lead also to more systematic focus on social and environmental factors in developing countries, including climate change, biodiversity, health, education and governance, and thereby enable development policies to target the most needy and disadvantaged populations. Furthermore, the resolution calls for the development of indicators that focus more closely on the household-level perspective, reflecting income, consumption and wealth. Such indicators should be compatible and consistent with existing global initiatives, such as the UN Human Development Index.

The resolution underlines the need to measure quality of life in societies. It considers that achieving and sustaining quality of life involves important, consensual factors such as health, education, culture, employment, housing, environmental conditions etc. It suggests that the EQLS indicators, which cover the core domains of quality of life, are built upon in the further development of both qualitative and quantitative metrics.

According to the Parliament, the challenge is to develop a clear and comprehensible set of indicators that are at the same time theoretically consistent, politically relevant and empirically measurable and ensure comparability between countries and regions. This work must be done in close cooperation with other relevant institutions and organisations.