

Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	1994/2187(COS)	Procedure completed
Economic growth and environment		
Subject		
3.70 Environmental policy		
5.05 Economic growth		

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	ENVI Environment, Public Health and Consumer Protection		20/12/1994	
		EDN BLOKLAND Johannes		
	Committee for opinion	Rapporteur for opinion	Appointed	
	ECON Economic and Monetary Affairs, Industrial Policy		20/12/1994	
		PSE RANDZIO-PLATH Christa		
Council of the European Union	ENER Research, Technological Development and Energy		02/02/1995	
		PPE FERBER Markus		

Key events			
03/11/1994	Non-legislative basic document published	COM(1994)0465	Summary
30/11/1994	Committee referral announced in Parliament		
26/07/1995	Vote in committee		Summary
26/07/1995	Committee report tabled for plenary	A4-0206/1995	
10/10/1995	Debate in Parliament		Summary
11/10/1995	Decision by Parliament	T4-0455/1995	Summary
11/10/1995	End of procedure in Parliament		
30/10/1995	Final act published in Official Journal		

Technical information	
Procedure reference	1994/2187(COS)
Procedure type	COS - Procedure on a strategy paper (historic)

Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ENVI/4/06171

Documentation gateway

Non-legislative basic document		COM(1994)0465	03/11/1994	EC	Summary
Economic and Social Committee: opinion, report		CES0405/1995 OJ C 155 21.06.1995, p. 0001	27/04/1995	ESC	Summary
Committee report tabled for plenary, single reading		A4-0206/1995 OJ C 287 30.10.1995, p. 0004	26/07/1995	EP	
Text adopted by Parliament, single reading		T4-0455/1995 OJ C 287 30.10.1995, p. 0077-0118	11/10/1995	EP	Summary

Economic growth and environment

The purpose of the Commission communication is to analyse the consequences of the principle of environmentally sustainable growth for the purpose of drawing up economic and fiscal policies in Europe. The Commission feels that a number of specific measures could be adopted in order to facilitate the development of efficient economic policies which promote environmentally-friendly sustainable growth. The following measures deserve particular attention: - transforming the principle of sustainable development into a more tangible, quantifiable concept (improving statistics, "eco-accounting"); - ensuring that the integration of environmental policies into other areas of action depends where possible on market forces; this strategy could help with deregulation and with reducing the administrative interference which sometimes hampers the play of market forces; - this objective of "integration" implies examining the environmental implications of taxation systems and guaranteeing existing tax incentives; - new environmental taxation would be an important element in the new approach based on "integration"; - current taxation and social security systems would need to be revised for economic and employment-related reasons. In addition, the new strategy would imply introducing environmental taxes to correct external effects on the environment in certain cases. This coincidence should be exploited in order to achieve synergisms; - achieving a wide consensus between the public authorities, employers and salaried employees on the policies to be implemented.?

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The ESC welcomed the Commission Communication, which was intended to prompt a wide-ranging debate on the implications for European economic policy of the inclusion of the principle of sustainable growth respecting the environment, as enshrined in Article 2 of the Maastricht Treaty, and the principle that all Community policies should take account of environmental protection requirements. The ESC felt that environmental taxes and charges and, more generally, an ecologically-oriented taxation system, would prove to be effective, in a large number of cases, in achieving significant pollution abatement levels and reduced consumption of resources. However, there was also good reason to believe that other market-based instruments (deposit-refund systems, tradable permit systems, tax and financial incentives, voluntary agreements, civil liability for environmental damage) would be particularly effective in attaining certain specific objectives of environmental policy. As regards the impact of environmental taxes on growth and employment, the ESC believed that, given the fiscal neutrality of environmental taxes, their introduction would lead to a reform of existing tax systems in Member States. In fact, the introduction of new environmental taxes should be accompanied by a thorough analysis of existing tax systems and the environmental distortions they created. It should also provide the opportunity to review tax policy in general, making it more ecologically-oriented, whilst paying due attention to the need to safeguard international competitiveness. The ESC believed there was a need for close ties between environmental policy and employment policy. This could be brought about by encouraging ecological redeployment in manufacturing and services, and funding actions and programmes for cleaning up the environment. The ESC was aware that the transition towards sustainable development would not be automatic and, in conclusion, emphasised the need for a coherent, long-term policy strategy. This should be phased in gradually and predictably so as to limit adjustment costs and give economic agents time to adjust (cf. point 4, page 15 of the Communication). This, moreover, was the stance adopted by the ESC in its Opinion on CO₂ emissions and energy, particularly in point 1.2.3. Despite the need to simplify regulations, the Committee reiterated its reluctance to interpret the use of economic instruments in the environmental field as being part of the deregulation process, since the implementation of market-based instruments demanded a framework of regulatory and monitoring provisions.

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The proposal for a resolution was unanimously approved. While acknowledging the novelty of the communication in question, it did draw attention to its limitations - for example when speaking about the need to preserve the environment in the long term, whereas the principle of sustainability called for these measures to be taken in the short term. The Commission should develop a range of economic and fiscal instruments and set a timetable for their implementation, without neglecting the use of legislation and information. On a fiscal level, and given

the inadequacy of the Council's approach (which was for postponing the introduction of practical measures, such as a European tax on CO₂), concrete models should be put forward for a regulatory energy tax, which would have a beneficial impact on employment. Other market-based measures should also be contemplated, beginning with the abolition of hidden subsidies (such as the non-taxation of kerosene), together with related measures to offset the heavy burden borne by certain sectors and regions. The rapporteur would like to see the Commission take steps to set up regional advisory services for environmentally-minded businesses. As regards employment, it has been adequately demonstrated that a non-sustainable economy leads to job losses, and this includes sensitive areas such as fishing and agriculture. On the other hand, the ecotechnology sector offers an undeniable competitive advantage and it was up to the Commission to promote it. In short, the message which the Committee on the Environment has made its own is that of future well-being and prosperity, conditions which are no longer linked directly to material wealth. ?

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The rapporteur called on the Commission to define a strategy to allow a sustainable economic structure to be implemented no later than 2020. He regretted that the Council had withdrawn its plan for a CO₂ tax and called on the Commission to reconsider the possibility of introducing such a tax. Commissioner BJERREGAARD did not want to give an opinion on this matter; however, she hoped that the Member States would agree to establish a CO₂ tax as soon as possible.

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In adopting the report by Mr Johannes BLOKLAND (EDN, NL), Parliament considered that the Commission was still underestimating the urgency of the environmental situation, whereas the principle of sustainability called precisely for measures to be taken in the short term. It felt that the statement that "economic growth and environmental protection are not mutually exclusive but should go hand in hand" was put in terms which were too absolute. The report called on the Commission to draw up a European plan designed to allow a sustainable economic structure to be implemented in the year 2020 and drew attention to the fact that the measures which were essential for the creation of a sustainable economy would only account for a small proportion of GNP (2 to 3%) if they were taken at the right moment. In the same spirit, the report called for the development of a range of instruments (with a timetable for implementation) which were capable of creating a sustainable economy and supported the Commission's actions in respect of "green accounting". Parliament regretted that the Council had not been in a position to take practical steps in the area of environmental taxation (a CO₂ tax). As a result, the report called on the Commission to develop, as soon as possible, practical models for the introduction of an energy tax which would have a positive impact, both in terms of growth and employment and as far as reducing the burden of pollution was concerned (for example, by offsetting the energy tax by a reduction in wage costs and by using the revenue from this tax to implement energy-saving measures). The Commission was also called on to develop an energy-taxation model which would provide for the taxation of primary energy at the beginning of the energy consumption process. The report also stated that as well as taxation, the Commission should consider a system of emission subsidies, fines and permits which would serve to reduce pollution levels. Urging the Commission to seek international cooperation on the application of minimum standards for environmental protection, the report also encouraged the transfer of ecotechnology to the developing countries. Finally, the Commission was called on to include environmental issues more emphatically in its employment policy and to introduce policies promoting reutilization, recycling and environmental protection in business and industry. ?