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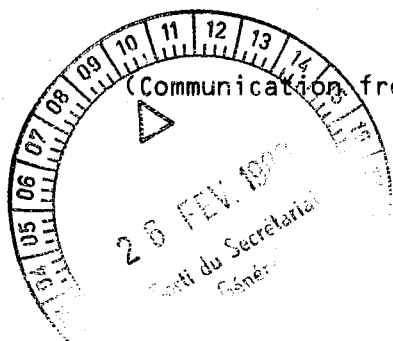
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COMMISSION OF THE EUROPEAN COMMUNITIES

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NEW DIRECTIONS IN ENVIRONMENT POLICY



(Communication from the Commission to the Council)

COM(86) 76 final

INTRODUCTION

1. Evidence is growing of a deterioration in the natural and physical environment both within the Community and in many other parts of the world. Incidents linked to dangerous substances or plant are commonplace. The natural resources which are the basis of economic and social development are in some cases being misused. Public concern is mounting. Environmental issues are becoming more and more important politically. It is therefore urgent that protection and improvement of the environment should be considered as a fundamental factor when decisions are taken on Community economic and social policies.

2. The Community's Third Environmental Action Programme - adopted in 1983 - commits the Community to a preventive policy that integrates environmental requirements into the planning and execution of economic activities. In some areas little progress has yet been made to give practical effect to this commitment.

3. The European Council, at its meeting on 29/30 March 1985, strongly reinforced that commitment. It acknowledged that environmental protection policy can contribute to improved economic growth and job creation; and affirmed its determination to give this policy the dimension of an essential component of the economic, industrial, agricultural and social policies implemented by the Community and by its Member States. It called upon the Council and the Commission to make significant progress in Community action for the protection of the environment in Europe and throughout the world; and it designated 1987 as the European Year of the Environment. During its most recent meeting of 2/3 December 1985 the European Council has further strengthened Community environment policy by agreeing to the addition of an Environment Chapter to the Treaty of Rome.

4. At the international level too, recognition of the urgency of environmental problems is high and growing. The Western Economic Summit in Bonn in May 1985 called for new approaches and strengthened international cooperation to solve pressing environmental problems; and for the wider application of the Polluter Pays Principle. Three recent OECD Conferences at Ministerial level have given new insights into thinking on environment policy as it should develop over the next decade - amongst them the recognition that continued environmental improvement and sustained economic growth are essential, interrelated and mutually supportive policy goals. The concept of the "informed consent" of countries importing dangerous wastes was also put forward. The necessity for closer cooperation on environmental problems was stressed in the joint EC/EFTA Ministerial Declaration of April 1984. The independent World Commission on Environment and Development (whose report in 1987 - through the UN System - will certainly have much to say about economic, trade and aid relations with the Third World and their impact on the latter's escalating environmental problems) wishes to cooperate closely with the Community in its work on these matters; the Commission welcomes this and will take the necessary steps.

5. The logical thread that links these various new perceptions is the recognition that a healthy economy and effective environmental protection are interdependent. Growth cannot be assured if the environment is not protected, because natural resources constitute both the basis for and the limits of economic development. Environmental protection is not therefore an option; the integration of its requirements into overall economic planning is an imperative - and an economic imperative at that. In the last analysis, strict environmental protection can be regarded as an essential component of a properly conceived long-term economic policy.

6. A re-examination of priorities is now essential to take account of these new perceptions, and of the conclusions of the European Council. This will be undertaken in the course of the preparation of proposals for a Fourth Community Environmental Action Programme to be adopted at the beginning of the European Year of the Environment.

7. Meanwhile urgent action is necessary on a number of matters in order to secure the substantial progress for which the European Council has called. This communication sets out the Commission's views as to these "new directions" in environmental policy that now need to be followed and invites the Council to take note of the priorities and orientations set out below.

COSTS AND BENEFITS OF ENVIRONMENT POLICY

8. The protection of the environment and the development of the economy are frequently, though mistakenly, regarded as competing goals. This is often due to difficulty in measuring the economic benefits of environment policy while the costs appear more readily apparent. For this reason the Commission will continue to attach importance to the establishment as far as possible of adequate cost/benefit analysis as a basis for environmental proposals.

9. The economic effects of environment policy can be appreciated in different ways : -

- the need to remedy environmental damage caused by past industrial strategies may create new technologies (water purification, waste management and recycling) or provide new demand for existing industries;

- the growing consumer demand for improved environmental standards is creating markets for new goods and services (environmentally friendly cars, housing improvements, tourism).

10. The competitiveness of European industry on world markets in the 1990's depends partly on its products reaching environmental standards at least as high as those of our main competitors. If such progress is not made, then European producers will lose market share not only on international markets, but also on the domestic market. Moreover it needs to be recognised that pollution represents a waste of resources and is often linked with obsolete technologies; modern technologies by contrast tend to be at one and the same time more efficient and competitive and less polluting. On both these counts the imposition of ambitious environmental norms in the remainder of the 1980's which will stimulate technological innovation in order to meet them will protect markets and jobs in the long-term.

11. The economic gains from the pursuit of strict environmental requirements may not be without cost in the short-term and may therefore pose short-term problems in terms of financing and competitiveness. The rate of return on some investments will be such that there will be short-term gain; in cases where the economic benefits can only be achieved in the longer term, there may still be sound environmental and economic reasons why the investment should be carried out. The OECD Conference on Environment and Economics in June 1984 concluded that: "The benefits generated by environmental measures (including the damage costs avoided) have generally been greater than their costs".

12. The Commission is aware of the difficulties involved in drawing up a balance sheet of the positive and negative effects on employment of environment policies. It is clear

that protection of the environment in itself will reduce the social costs of deteriorating natural resources and hence contribute to economic growth and employment - and thus to the competitiveness of industry - in the long run. However the introduction of new environmental standards may, in the short term, have adverse effects on the competitiveness of certain individual enterprises that have to comply with them. This calls for close attention not only to the type and levels of environmental standards to be introduced but equally important to the timescale of implementation. The Commission aims in its policy on the environment to achieve the maximum possible effects on growth and employment by assuring that the objectives and means are made clear to industry and that enterprises are allowed a reasonable time to adjust to the new standards. A strengthened environment policy will have positive effects on job creation through environmental infrastructure and investment and through the manufacture of new products that are directly related to the improvement of environmental quality. Other effects are less certain though it is clear that some environment programmes, for example those designed to tackle inner city decay, to re-utilize derelict land or to repair landscape damage in areas of natural beauty, do lead to short-term employment gains and will also, in urban areas at least, encourage new industrial investment by creating attractive business environments. The Commission will shortly propose a substantial 5-year programme of "demonstration projects"¹ designed to explore all possibilities of environmental

¹The programme will consist of specific projects in all Member States to demonstrate how environmental actions and the implementation of environmental policies can generate jobs

policies generating jobs; and to create a large body of experience and information on which industry and all Member States can draw in the future.

ENVIRONMENTAL REQUIREMENTS IN ECONOMIC POLICY

13. The Community's Third Environmental Action Programme underlines that the prevention of environmental damage is cheaper than the cure. To this end, environmental requirements must be integrated into the planning and execution of policy in all economic sectors. This key element in Community policy has now been strongly underlined by the European Council's determination to make environmental protection policy an essential component of the economic, industrial, agricultural and social policies implemented by the Community and by its Member States. Practical steps to give effect to this, including the rapid implementation of the Environmental Impact Assessment procedure agreed by the Council, is therefore essential. As a first step the Commission is taking the necessary decisions to this effect in relation to the Community's own policies and to the Funds which it administers.

14. The Polluter Pays Principle - under which those responsible for pollution must bear the costs of preventive and remedial action and are thus encouraged to use less environmentally harmful production techniques - is of key importance in ensuring that environmentally correct price and market signals are given. It should be developed and applied more widely. In parallel, the greater use of economic instruments based on market principles must be encouraged. Overall the aim must be to develop a combination of legislative and economic instruments which will together encourage the free operation of the market to achieve environmentally necessary results. To this end the Commission

will make proposals regarding the use of appropriate economic instruments - which could be particularly important in tackling the problem of diffuse sources of pollution.

15. However, even though the Polluter Pays Principle must be the general rule, it needs also to be recognised that cases can arise in which its strict application may delay (or even make impossible) necessary environmental improvements because of their financial impact on existing enterprises; in addition, public authorities in certain areas of the Community already face economic problems - applying Community measures, especially in relation to the installation of basic environmental infrastructure. In order to overcome these difficulties the Commission will make a proposal for a Community programme, within the framework of the Regional Fund, which will have as its objective to assist disadvantaged areas of the Community to implement Community environment Directives - thus promoting both socio-economic development in such areas and Community environment policy.

16. To encourage the free market to operate in an environmentally rational way the Community must also increase awareness of the need for high environmental standards. Considerable efforts will be needed to influence attitudes. This is the central purpose of the European Year of the Environment in 1987, designated by the European Council. The Commission has already made preliminary proposals regarding the organisation of the Year and will rapidly move on to the detailed planning of the necessary arrangements. A substantial budget will be necessary.

17. In the legislative field it is not sufficient merely to adopt new measures. Those already adopted must be effectively implemented and enforced. Moreover the Commission must examine the practical results on the ground of these measures and the extent to which they have led to environmental

improvement. The Commission will give increased attention to these aspects of environment policy and will ensure the wide public availability of information on the results. In this context the Community's information system on environmental data (CORINE), which is now developing rapidly and needs full support from Member States, and periodic State of the Environment Reports which can demonstrate trends, will play an important part; the next such Report will be published this year.

PRESSING ENVIRONMENTAL POLICY PROBLEMS

18. A number of pressing environmental problems face the Community at present. Urgent action should be taken to deal with them.

19. Atmospheric Pollution resulting from the combustion of fossil fuels in power stations, motor vehicles and central heating plants causes costly damage to forests, lakes, buildings and crops - damage that is plainly increasing all the time and will continue to grow unless action is taken. Control costs are significant but not insupportable. The Commission is proposing a balanced policy aimed at achieving significant reductions in emissions from all major sources as quickly as possible and at a reasonable cost. The transboundary character of atmospheric pollution makes cooperation with other European countries necessary, both with EFTA countries and through the Economic Commission of Europe. In addition to the proposals already made to reduce emissions from motor vehicles and large combustion installations, to reduce the sulphur content of gas-oil and to control the combustion of waste oils, the Commission will make a series of further proposals as soon as possible, all concerned to reduce emissions or to establish acceptable air quality standards. These will include proposals relating to

emissions from vehicles over 3.5 tons, particulate emissions from diesel vehicles, speed limits and the sulphur content of heavy fuel oil and coal.

20. Concern is growing in many Member States over pollution of the sea - the ultimate sink of most polluting emissions, whether they are initially discharged to water, to air or to land. Major reductions in marine pollution are essential to avoid the risk of overtaxing the sea's absorptive capacity. The situation is critical for the Mediterranean and the ecologically important Wadden Sea area of the North Sea. It is also necessary to avoid inadvertent releases of pollutants into the sea and the risk of recirculation. The Commission has recently made a proposal regarding the dumping of wastes at sea and will shortly make further proposals concerning Community participation in the London Dumping Convention. The Commission intends to take an increasingly active part in the work of international bodies concerned with marine pollution. It will take early steps to develop an environmental protection strategy and action plan for the Mediterranean (MEDSPA) as already announced in a Communication to the Council; and to extend the Community information system concerned with spills at sea from hydrocarbons to cover also other dangerous substances, in accordance with the recent Council decision on this matter. Finally the Commission urges strong Community support for actions to protect the Mediterranean within the framework of the recently adopted Genoa Declaration for the next decade of the Mediterranean Action Programme; and for actions to protect the North Sea in the context of preparations for the Second North Sea Conference which will be an important event during the European Year of the Environment.

21. Concern over the international movement and production of dangerous chemicals, wastes and plant is growing rapidly. In this field accidents, though happily rare, can be devastating

(Seveso and Bhopal). In addition to the continuing steady implementation of existing Community legislation on the classification, packaging and labelling of dangerous chemical substances and on the transfrontier movement of toxic and dangerous wastes, urgent action is needed to develop at international level adequate control measures and notification and authorisation procedures, which will provide a high degree of security without hampering legitimate manufacture and trade in dangerous products. OECD and the UN are both involved. There is a strong case for the Community to promote the rapid development of world-wide codes of practice to supplement the specific legislative measures needed to cover some aspects of these matters and the Commission will take initiatives to this end. In addition the Commission will propose legislation covering the export and import of particularly dangerous substances and at the same time parallel action at international level.

22. The Community's waste management industries employ 3 million people and handle over 2000 million tonnes of wastes each year. The quantity is growing steadily. Three quarters of all waste is buried; yet 80% of it could be recycled for raw materials or energy and improved production processes, in both industry and agriculture, could avoid part of the present arisings altogether. New technologies must be stimulated to these ends and the Commission has recently decided upon the first series of support actions for clean technologies under the ACE Regulation adopted by the Council in 1984. Action to encourage the development of new technologies, coupled with the creation of the right market conditions for a more rational approach to the management of waste, would lead to economic and employment gains and a considerable reduction in import dependence, as well as to a reduction in pollution risks. The Commission will shortly propose an overall strategy for the more rational management

of wastes throughout the Community which will include specific proposals for legislative actions that seem desirable at Community level.

23. Urban areas both in disadvantaged regions as in regions of industrial decline are increasingly faced with problems of environmental degradation. Economic decline and the particular difficulties experienced by these areas are the factors which contribute to a degradation in living and working conditions of its inhabitants. Overcoming these trends therefore has become an essential factor, not only in the improvement of the quality of life, but also in limiting unemployment in urban areas. The Commission has already undertaken an important study on regional policy and urban decline; and has worked on the rehabilitation of industrial and urban areas through various Regional Fund measures. The Commission now intends to examine the possibility of a Regional Fund programme to assist the reconversion of areas affected by urban and industrial decline. It will also prepare a report to submit to the Council, which will examine how the public and private sectors and other interests can work together towards the rehabilitation of certain urban areas and thus contribute to sustain their economic development. The programme of "demonstration projects" referred to in para. 12 above, on the job-creation potential of environmental measures, will undoubtedly contribute significantly in this regard. And urban rehabilitation will constitute an important theme for the European Year of the Environment.

24. Linking a number of the above problem areas - and likely to be of growing importance in the future - is the question of soil protection. Controls over discharges to both air and water and waste disposal practices (especially so far as concerns landfill) all directly affect the soil. The maintenance of soil quality is of key importance both for

agriculture and for many aspects of nature conservation, which is a continuing high priority area of Community environment policy. The Commission's proposal for a Directive concerned the use of sewage sludge in agriculture - which is still under discussion by the Council - is of importance in relation to both waste management policy and soil protection. Certain agricultural practices directly affect the soil (and the environment more widely); the measures envisaged in this connection in the review of the Common Agricultural Policy and mentioned in para. 27 below would certainly contribute to the protection of the soil. The Commission will put forward appropriate proposals as soon as possible; and more generally, has it in mind to treat soil protection as an important theme of the Community's Fourth Environmental Action Programme.

THE INTEGRATION OF ENVIRONMENTAL REQUIREMENTS INTO OTHER POLICIES

25. The preventive nature of Community environment policy requires the integration of the requirements of environmental protection policy as an essential component of the other policies of the Community and of its Member States. However certain areas are of especial priority at the present time.

26. Biotechnology offers great potential both as a major future growth industry in the Community and as a potent means of dealing with many environmental problems especially those related to waste streams and waste management. Yet it may carry serious environmental risks. The Community's preventive approach to environmental problems requires early action to create an appropriate regulatory framework which can both minimise these risks and give the industry a sure basis on which to develop. The Commission will make appropriate proposals in the near future and will consider the need for parallel initiatives at international level.

27. Europe's landscape has been formed and shaped by agriculture over the centuries. However, the development by modern farming practices poses questions which require an urgent response. Inappropriate land use damages landscape quality and areas of special interest for conservation; misuse of chemicals and the uncontrolled disposal of agricultural wastes pollute water supplies and damage wildlife. The common agricultural policy must do more to create a framework within which agriculture will respect the environment and conserve the priceless heritage of landscape and species. An increase in the forest area of the Community needs to be considered and can contribute to environmental protection. The Commission's Green Paper on "Perspectives for the Common Agricultural Policy" indicated the Commission's view on how to balance agricultural development with the sometimes conflicting needs of conserving the natural environment and envisaged a series of actions related in particular to the use of agrochemicals, the treatment of agricultural wastes and the conservation of species, habitats and landscapes. The Commission has reiterated its views on these matters in its recent presentation of its conclusions on the CAP review to the Council.

28. The completion of the internal market by 1992 is an established Community commitment and one of the most important challenges facing the Community. The achievement of this goal requires the active support and assistance of all other Community policies. In the field of environment policy the main potential impact of the completion of the internal market will be in relation to product standards. In important cases, national standards could differ widely, particularly on the protection of the environment. It is essential in that case to reach in advance and at Community level, any harmonisation of these standards which may be necessary for environmental reasons. The European Council of 2/3 December 1985 laid down that the approximation of laws on

environmental protection will be based on a high level of protection. The Commission will make appropriate proposals during the period between now and 1992.

29. Energy production is heavily dependent on the use of fossil fuels and thus energy policy is inevitably concerned by atmospheric pollution issues. Environmental requirements in turn affect energy costs and the competitive position as between different energy sources. The balanced pursuit of environmental and energy policy objectives is therefore of special importance, as stated in the Commission's recent Communication on new Community energy objectives (COM(85) 245). Energy conservation and alternative non-fossil energy sources, including nuclear, will help improve air quality. Technologies exist that can achieve significant reductions in polluting emissions from fossil fuel power stations at reasonable costs. In the future difficult problems could arise from the use of fossil fuels if the build-up of atmospheric carbon dioxide levels and the 'Greenhouse effect' are shown (as certain scientists fear) to have serious impacts on climate and agricultural productivity world-wide. In case further scientific research should confirm the likelihood of such impacts, the Community should already be thinking about possible responses and alternative energy strategies. The Commission will continue its studies in this context.

30. The major environmental problems of the Third World - desertification, tropical deforestation, the explosive growth of cities, loss of wildlife and genetic diversity - are amongst the world's most daunting, and potentially dangerous, environmental problems. The Community's development policy under LOME III will seek to combat the growing deterioration of natural resources by the implementation of action programmes which take account of environmental factors, more specifically than hitherto. Particular attention has already

been given to the problems of desertification and of reafforestation in Africa, the solution of which is a sine qua non in certain countries for long-term, sustainable, agricultural and rural development (see COM(86) 16 final of 22 January 1986). But because of the scale of the problem, Community effort alone is not enough. The resolution of Third World degradation problems will need increasingly close international cooperation; larger and more efficiently used financial inputs; and major changes of attitude. In this context a reexamination of the trading and pricing policies of the developed world may be necessary. These issues will be at the centre of the work of the World Commission on Environment and Development. The Commission intends to study these matters as a contribution to the work of the World Commission. A meeting in Brussels between the Community as a whole and the World Commission to discuss its draft report will be an important event in the early part of the European Year of the Environment.

ORIENTATIONS FOR COMMUNITY ENVIRONMENTAL POLICY

31. In conclusion, the Commission considers that the following orientations should guide the Community's immediate response to environmental challenges and to the requests of the European Council:

- Strict environment policy is essential to and is fully compatible with long-term economic growth. It can contribute to job-creation. It must be considered as a fundamental factor for economic and social policy of both the Community and the Member States.
- Prevention should remain the key objective of environment policy. To this end, environmental requirements should be integrated into legislation and decision-making and there should be a rapid implementation of the Environment Impact

Assessment Directive for major projects; and means developed to ensure that environmental requirements are integrated also into the formulation of policies, plans and programmes;

- Practical steps to ensure this integration on a day to day basis, both at the level of Community policies and in each Member State, should be taken urgently;
- The Polluter Pays Principle is of key importance in ensuring that environmentally correct price and market signals are given. It should be developed and applied more widely;
- The implementation of environmental policy in disadvantaged regions and declining industrial areas of the Community should nonetheless be assisted;
- Environment problems can no longer be addressed adequately on a sectoral basis alone; a multi-media approach must increasingly be developed so as to avoid the transfer of pollution between environmental sectors (water, air, etc.);
- The Commission should give increased attention to the effective implementation and enforcement of environment policy; and to its practical results on the ground;
- The European Year of the Environment should be seen as a major opportunity to raise awareness of the importance of environmental issues and to change attitudes.

32. In order to respond to the European Council's request to the Commission and the Council to take rapid action to tackle the most pressing environmental problems, the Commission takes the view that early decisions are necessary to:

- substantially reduce pollution of the atmosphere from all major sources;
- develop and support actions to reduce polluting emissions to the Sea, especially the North Sea and the Mediterranean;
- promote world-wide codes of practice related to dangerous chemicals, waste and plants;
- adopt appropriate environmental regulations for biotechnology;
- create a framework within which agriculture will respect the environment and conserve the priceless heritage of landscapes and species;
- support the internal market by completing any harmonisation of product standards at Community level that may be necessary for environmental reasons by 1992;
- tackle problems of areas faced with environmental deterioration;
- launch a substantial programme of "demonstration projects" to explore the job-creating potential of environmental policies;
- assist disadvantaged areas of the Community to instal basic environmental infrastructure and to implement Community environmental directives;
- strengthen the Community's international role on environmental problems, especially in relation to Third World development and cooperation at the European level;

- launch and support the European Year of the Environment on a substantial scale.

33. The Commission will be guided, *inter alia*, by the above considerations in preparing its proposals for the Community's Fourth Environmental Action Programme. Meanwhile it invites the Council to take note of the general orientations of this paper and of the Commission's intention to make appropriate detailed proposals as rapidly as resources permit.
