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**Integrating environmental considerations into other policy areas- a stocktaking of the
Cardiff process**

1. INTRODUCTION

This stocktaking of environmental integration follows from the 2003 Spring European Council, which noted “*the Commission’s intention to carry out an annual stocktaking of the Cardiff process of environmental integration process and a regular environment policy review and to report in time for the outcomes of these exercises to be taken into account in the preparation of its future Spring reports, starting in 2004*”.¹ The stocktaking complements the 2003 Environment Policy Review² (EPR) adopted in December 2003, and should be read in the context of the information presented in the 2003 EPR.

The principle of environmental integration recognises that environmental policy alone cannot achieve the environmental improvements needed as part of sustainable development. The changes required to reduce environmental pressures of high concern from fisheries, agriculture, transport, energy and other areas so as to achieve sustainable development, can only be achieved through a process of environmental integration in these sectors.³

At EU level the importance of environmental integration is recognised in Article 6 of the EC Treaty, which stipulates that “*environmental protection requirements must be integrated into the definition and implementation of the Community policies [...] in particular with a view to promoting sustainable development*”.⁴ Environmental integration was given an institutional impetus in 1998 with the launch by the European Council of the so-called Cardiff process requesting different Council formations to develop strategies to this effect.

The EU Sustainable Development Strategy (EU SDS), adopted in Gothenburg in 2001, went a step further, requiring the pursuit of both priority environmental goals and environmental integration alongside economic and social objectives. The Strategy provides a long-term vision that involves combining a dynamic economy with social cohesion and high environmental standards. This requires a renewed emphasis on policy coherence and integration, as emphasised in the 2001 European Council conclusions adopting the EU’s Sustainable Development Strategy, which invited the Council “*to finalise and further develop sector strategies for integrating environment into all relevant Community policy areas with a view to implementing them as soon as possible*”, and in doing this that “*Relevant objectives set out in the forthcoming sixth environment action programme and the sustainable development strategy should be taken into account*”.

At the EU level, the more holistic, long-term approach of the sectoral environmental integration strategies is complemented by the extended impact assessment tool designed for use when proposing individual policy measures or initiatives⁵. Both of these are instruments that are key to striking the right balance between the three pillars of sustainable development, and thus to achieving a higher level of environmental integration.

¹ Paragraph 58, Presidency Conclusions, Brussels European Council, 20-21 March 2003.

² COM(2003)745, 3 December 2003.

³ See box below.

⁴ The importance of integration was reaffirmed in the draft constitutional treaty proposed by the Convention on the Future of Europe on 18 July 2003 (articles II-37 and III-4). – see <http://european-convention.eu.int/DraftTreaty.asp?lang=EN>

⁵ Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) are other tools to promote environmental integration at national or regional level (for projects and plans and programmes).

The processes set in place over the past few years have led to environmental improvements in several sectors. However, the pace of progress towards further environmental integration would be boosted if all sectors implemented commitments made over the past five years. This will be a difficult process: as many of the ‘low hanging fruits’ of integration have already been picked, future efforts to reverse persisting unsustainable trends will need to focus increasingly on structural reforms, which may generate tensions with established interest groups in the sectors concerned. In addition, action at national level is needed to deliver on the commitments made at the Union level, as in many areas Community competence is limited.

The stocktaking first sets out the framework for environmental integration at EU level since the launch of the Cardiff process in 1998. It then presents a synthesised review of the status of environmental integration in the sectors, which have been requested to develop integration strategies. It finally draws conclusions as to how to take environmental integration forward at EU level. These highlight priority actions to push forward with the implementation of the Cardiff process, and to support it with complementary actions at national and community levels, notably by adapting and building on existing environmental policy approaches and seeking win-win solutions.

2. EU FRAMEWORK FOR ENVIRONMENTAL INTEGRATION

Following the inclusion of a new integration clause, in the Amsterdam Treaty in 1997, the Luxembourg European Council (December 1997) “*stressed its conviction that environmental protection requirements must be integrated into the Community's policies and activities, in particular with a view to promoting sustainable development*” and requested the Commission to “*to submit a strategy to it, before its June 1998 meeting, for achieving that goal.*”⁶

The Commission Communication ‘*Partnership for Integration*’⁷ responded to this request by highlighting actions needed to translate article 6 into concrete results for environmental integration. Key guidelines included:

- The Commission’s commitment to ensuring that its key policy initiatives integrate environmental concerns through the introduction of a detailed environmental assessment mechanism.
- The Commission’s commitment to undertaking reviews of EU policies and preparing strategies for action in key sectors, including identification of policy and performance indicators and indicative targets.
- The call for the identification by the Council of a set of priority actions for the incorporation of environmental requirements, and of effective mechanisms for monitoring strategy implementation.
- The call for European Council periodical reviews of environmental integration into key sectoral policies.

⁶ See paragraph 56 of the Presidency Conclusions to the Luxembourg European Council (12-13 December 1997).

⁷ COM(98)333, 27 June 1998.

Five years on, important progress has been made to give substance to the above guidelines and in turn achieve further environmental integration, including the following milestones:

- The launch of the **Cardiff process** in 1998. The European Council took a significant step to give practical application to Article 6 by requesting different Council formations to prepare strategies and programmes aimed at integrating environmental considerations into their policy areas, starting with energy, transport and agriculture. The process now embraces nine sectors (in addition to the transport, agriculture and energy sectors, Cardiff covers industry, internal market, development, fisheries, General Affairs and economic and financial affairs), all of which have adopted integration strategies.
- In 1999, the Helsinki European Council provided further clarifications as to the **implementation of environmental integration strategies**. It stated that *“the completion of sectoral strategies should be followed by their immediate implementation. Regular evaluation, follow-up and monitoring must be undertaken so that the strategies can be adjusted and deepened. The Commission and the Council are expected to develop adequate instruments and applicable data for these purposes”*.⁸
- 2001 marked a turning point in the process of environmental integration with the adoption by the Gothenburg European Council of an **EU Sustainable Development Strategy** and the addition of a third, environmental, pillar, to the Lisbon Strategy. Economic growth and social cohesion now need to be promoted alongside environmental protection. In this new policy context, the European Council invited the Council *“to finalise and further develop sector strategies for integrating environment into all relevant Community policy areas with a view to implementing them as soon as possible [...] Relevant objectives set out in the forthcoming 6th EAP and the Sustainable Development Strategy should be taken into account”*.⁹ The sectoral integration strategies developed under the Cardiff are therefore one of the means of implementing environmental objectives of the Sustainable Development Strategy.
- As part of the implementation of the EU sustainable development strategy, a unified system for ex-ante **impact assessment** of all major policy proposals was introduced in the Commission in 2002,¹⁰ starting with a pilot phase in 2003 covering 43 policy proposals. This scheme will allow informed trade-offs to be made on a case by case basis, based upon sound analysis of economic, social and environmental effects when adopting new policy proposals. It is an essential complement to the more holistic approach of the sectoral strategies.
- In September 2002, the entry into force of Commission’s **6th Environment Action Programme**¹¹ (**6th EAP**) put renewed emphasis on the importance of environmental integration. The development under the 6th EAP of thematic strategies on key environmental issues is an opportunity, which will foster integration as the strategies are cross-cutting and require joint action from a wide array of policy sectors.

⁸ Paragraph 47, Presidency Conclusions to the Helsinki European Council Conclusions (10-11 December 1999).

⁹ Paragraph 32, Presidency Conclusions to the Gothenburg European Council (15-16 June 2001).

¹⁰ Commission Communication on Impact Assessment, COM(2002)276 final, 5 June 2002.

¹¹ Decision 1600/2002/EC of the European Parliament and of the Council laying down the 6th Community Environment Action Programme, OJ L 242, 10 September 2002.

- In October 2002, the Environment Council called upon the European Council “to invite the Council formations responsible for **education, health, consumer affairs, tourism, research, employment and social policies** to develop strategies to promote sustainable development by integrating environmental considerations into their existing policies and action.”¹²
- As of 2003, most current and new EU Member States had developed **national sustainable development strategies**, many of which address the issue of environmental integration and policy coherence.

ENVIRONMENTAL PRESSURES IN KEY INTEGRATION SECTORS

The following provides an illustration of the challenges to be tackled through environmental integration, with a review of some of the most acute environmental pressures in key integration sectors. These pressures have been identified and action is being taken by the EU to address these as described in section 3. In many cases, this action is too recent for its full benefits yet to be felt¹³. However, given the particular severity of some environmental trends, further environmental integration efforts will need to be steadily pursued at EU and national levels.

Fisheries: Humans impact on the marine environment through fishing but also through man-generated climate change, discharges of pollutants and nutrients and a variety of uses of the sea bed such as aggregate extraction and oil extraction. Fish stocks themselves are also subject to cyclical variations. Despite these facts, continued over-fishing has been mostly responsible for spawning stocks and landings have been halved over the last 25 years, despite efforts to address the problem. 40% of all EU catches are taken from stocks that are considered to be below safe biological limits. For certain types of fish, notably demersal and diadromous fish, the percentage is as high as 60%. The situation for certain species, such as cod and hake, is even more acute. However, the situation is not bad for all stocks. Pelagic stocks have increased over the last two decades, as have stocks of shrimps and Norway lobster. The recovery of the pelagic species such as the North Sea herring following a collapse in stocks in the 1970’s demonstrates the potential for stock recovery if the right action is taken. The latest report from the International Council for the Exploration of the Sea (ICES) in October 2003 confirms the need for recovery measures to ensure the rebuilding of a number of stocks.¹⁴ In view of this situation, numerous measures have been taken, and most recently, the December 2003 Fisheries Council agreed recovery plans for a number of species, as well as, for the first time since the launch of the Common Fisheries Policy in 1983, multiannual management plans.

Transport: Transport is crucial for the EU’s economic competitiveness and for commercial, economic and cultural exchanges. As economic activity and incomes increase, there has been a trend for increased transport demand, particular for road transport and aviation. Considerable advances have been achieved in vehicle and fuel technology resulting in reductions in local air pollutants. However

¹² Paragraph 9, Environment Council Conclusions on putting into practice the European Union Sustainable Development Strategy and the environmental dimension of the Johannesburg commitments (Brussels, 17 October 2002).

¹³ For example in the transport sector, measures to encourage modal shift from road and air transport to the more environmentally friendly modes of rail and waterway transport, the biofuels directive with a target of 5.75% market share of motor fuels by 2010, the proposal for a modification of the Eurovignette directive, and fuel taxation, with lower minimum tax rates for fuels with lower CO2 emissions.

¹⁴ Including cod in the North Sea, Skagerrak, Eastern Channel, Irish Sea and West of Scotland for which ICES advises zero catch. ICES’s advice is the same for whiting in the Irish Sea. In the case of hake from Ireland down to Portugal, ICES recommends rebuilding plans and zero catch for the southern hake stock. Plans to allow stocks to recover are also recommended for plaice in the North Sea, cod and plaice in the Celtic Sea and sole in the Western Channel and Bay of Biscay. See International Council for the Exploration of the Sea Report on cod and other fish stocks in the northeast Atlantic (24 October 2003). – <http://www.ices.dk/committee/acfm/comwork/report/asp/acfmrep.asp>

fuel efficiency gains have so far been more than offset by the growth in both passenger and freight transport, resulting in a net increase in greenhouse gas emissions (The International Climate Change Partnership database, European Environment Agency - EEA). Emissions of greenhouse gases from the transport sector, principally CO₂, grew by 20% in the EU between 1990 and 2000 to represent 21% of total EU greenhouse gas emissions, neutralising the improvements made in other sectors. At a local level, significant problems remain, in particular congestion, noise pollution and particulate emissions from the use of diesel.

Agriculture: Half of the EU's land is farmed - this alone makes farming important for the EU's natural environment. Farming has contributed over the centuries to creating and maintaining a variety of valuable semi-natural habitats. Today these shape the majority of the EU's landscapes and are home to some of the EU's richest wildlife. The links between the richness of the natural environment and farming practices are complex. While many valuable habitats in Europe are maintained by extensive farming, and a wide range of wild species rely on this for their survival, agricultural practices can also have an adverse impact on natural resources. Pollution of soil, water and air, fragmentation of habitats and loss of wildlife can be the result of inappropriate agricultural practices and land use. In recent years there has been increasing concern about the effects of intensive agricultural production methods on both human health and the environment. Agriculture continues to account for about 10% of total EU greenhouse emissions mainly through methane and nitrous oxide emissions, despite a reduction of 6.4% over the period 1990-2000. In addition, the increased use of pesticides and fertilisers has led to environmental degradation. The general trends in nitrate concentrations in EU waters may serve as example. Agricultural activities are not the only activities contributing to water pollution, but they are responsible for a significant part of it. Overall, levels of nitrate concentrations in groundwater remain very high, with about 40 % of the EU area in a concerning situation (in 2001). EU policies, and notably the Common Agricultural Policy (CAP), are therefore increasingly aimed at heading off the risks of environmental degradation, while encouraging farmers to play a positive role in the maintenance of the countryside and the environment.

Energy: In 2000, the energy sector continued to be the largest contributor to total EU greenhouse gas emissions, accounting for 27% of total EU (15) emissions¹⁵. The EU's energy intensity improved between 1985 and 2000 decreasing by on average just over 1% per annum, demonstrating possibilities for a relative decoupling of energy use from economic growth. Further efforts are needed to improve on current trends. Both renewable energy and energy efficiency offer opportunities for reducing environmental pressures, but projections are not encouraging. For example, the share of renewables is for the time being not rising fast enough to meet EU targets. While the EU's total inland energy consumption has increased steadily, at approximately 1% per year, since 1985, the share of renewable energy remains low at around 6% (2001). Member States are currently implementing policies to promote energy from renewable energy sources, under the renewable electricity and biofuels directives. Although it may be a little too early to draw firm conclusions, it seems likely that stronger efforts will be needed. Good implementation of measures already adopted is of utmost importance. Latest projections from the EEA indicate that, unless additional policy measures are taken, the EU will fail to meet its indicative target of 12% by 2010. It seems also unlikely that the EU will be able to meet its indicative target of generating 22% of gross electricity consumption from renewables by 2010. In terms of energy efficiency, the full cost-effective potential for energy savings, estimated at around 18% of current energy consumption, still has to be realised. According to the 'World Energy, Technology and Climate Policy Outlook' published by the European Commission in May 2003¹⁶, under a business as usual scenario (that does not include recent EU climate change policies) the world's energy consumption will have doubled by 2030; fossil fuels – oil – will continue to dominate as energy sources and carbon dioxide emissions will be nearly twice those recorded in 1990. Alternative scenarios based on a strong development of renewable energy and energy efficiency demonstrate that cost-effective solutions are possible with the right policy input.

¹⁵ The energy sector refers to coal mining, oil and gas extraction, refineries, electricity generation etc, as opposed to energy use in industry, transport, households and so on

¹⁶ The 'World Energy, Technology and Climate Policy Outlook' (WETO) published by the European Commission on 12 May 2003 was produced by a consortium of EU research teams, including ENERDATA and CNRS-IEPE from France, Bureau Fédéral du Plan in Belgium and the Commission Joint Research Centre's facility in Seville, Spain. – see http://194.185.30.69/energysite/gp/gp_pubs_en.html

Industry: Measures to integrate environmental considerations into industrial activities have resulted in substantial positive achievements. These efforts contributed to an overall reduction of carbon dioxide emissions from EU manufacturing of over 11% in the period 1985 to 2000. At the same time manufacturing production rose by 31% over the same period. An absolute decoupling of production from emissions of acidifying gases and ozone precursors has also occurred, while there has been a relative decoupling of production from energy and raw material use¹⁷. However, despite major improvements in industry over the last decades with regard to several major polluting substances, industrial production processes still account for a considerable share of the overall pollution in Europe. Industry represents 21% of total EU greenhouse gas emissions and is a major source of pollution (for example heavy metals, volatile organic compounds, nutrients).

3. SECTORAL ASSESSMENT

This section looks at the nine sectors covered so far by the Cardiff process: agriculture, energy, transport, development co-operation, industry, internal market, fisheries, economic and financial affairs and trade and foreign policy.¹⁸

The assessment below is presented so as to reflect the order in which sectoral councils were invited to develop integration strategies. When they launched the Cardiff process at their meeting in June 1998, the EU heads of state and government invited three sectors -agriculture, transport and energy- to start the process. Further sectors were invited to do the same at following European Council meetings: development, industry and internal market in December 1998 and fisheries, economic and financial affairs and trade and foreign policy (general affairs) in June 1999.

The starting point of this sectoral assessment is strategy implementation rather than strategy formulation or contents.¹⁹ Environmental integration strategies must be assessed on their capacity to deliver on the commitments and/ or objectives set.

For each of the nine sectors, the assessment considers the actions that have been taken to date, pointing to the most recent policy developments and highlighting the challenges and opportunities for environmental integration in the year to come. Efforts taken to take forward environmental integration are assessed according to priority objectives (see tables under each sector heading). These objectives are drawn from commitments made in the respective Council integration strategies, which have been complemented by commitments made subsequently, notably in the EU 6th Environment Action Programme, the EU Sustainable Development Strategy and the Plan of Implementation of the Johannesburg World Summit on Sustainable Development. They are overarching, selective objectives against which integration efforts to date, which sometimes go beyond the commitments made in original strategies, can be assessed.

¹⁷ See Chapter 5 of the European Competitiveness Report 2002

¹⁸ It should be noted that actions are taken to promote the integration of environmental concerns into other policy areas, for example through the EU's research programmes. The 6th Framework Programme has a thematic priority on sustainable development, global change and ecosystems, focusing on environment as well as transport and energy, with some actions highlighted in the tables below. The total budget for this theme over four years is €2.12 billion.

¹⁹ The latter were addressed in several studies commissioned by Member States in 2001.

3.1. Agriculture

Status

| Political commitments | | |
|--|---|--|
| 15 November 1999 | Agriculture integration strategy adoption in Council | |
| 24 April 2001 | Council Conclusions on Agriculture Integration | |
| 10 July 2002 | Commission Proposals on the mid-term review of the Common Agricultural Policy (CAP) | |
| June 2003 | Agreement of the Council of Agricultural Ministers on CAP Reform | |
| By end 2003 | Deadline by which a review of the integration strategy should have taken place | |
| Priority objectives of environmental integration | Progress to date | |
| | Commission | Commission and Council/ Parliament |
| Reduce health and environment risks from agriculture (source: 1999 Integration Strategy, EU SDS ²⁰ , 6 th EAP) | Commission Proposal COM (2002) 394 for complete decoupling of support from production by 2005 and more comprehensive requirements for cross-compliance and mandatory farm advisory services for farmers linked to cross-compliance. | <p>The Council Regulation 1782/2003 introduces a single farm payment (SFP) decoupled from production from 2005 (and at the latest 2007). The SFP and other direct aids will be granted subject to compliance with environmental and other standards and good agricultural and environmental conditions (cross –compliance).</p> <p>Council Regulation 1783/2003 increases the emphasis of rural development policy on environment, with greater co-financing for agri-environment measures, support for farm advisory services (voluntary for farmers).</p> <p>The second package of reform of Common Market Organisations decided on by Council on 22nd April 2004 (tobacco, olive oil, cotton and hops) confirms the change of direction taken in the 2003 reform of the CAP by decoupling support from the production of the sectors concerned.</p> |

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EU Sustainable Development Strategy, adopted by European Council, Gothenburg 2001

| | | |
|--|---|---|
| Better protect nature/landscape and biodiversity (source: 1999 Integration Strategy, EU SDS, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | Commitment to use new Rural Development Programme funds to finance management of Natura 2000 sites. | Cross-compliance requirements under Regulation 1783/03 include respect for the Wild Birds and Habitats Directives and measures to maintain habitats and landscapes. Article 16 allows increased support levels for agricultural practices and management compatible with the protection of biodiversity in Natura 2000 sites. |
| Reduce agriculture's greenhouse gas emissions (source: 1999 Integration Strategy, EU SDS, 6 th EAP) | | Energy crop premium introduced. Maintenance of possibility to grow non-food crops on set-aside land. |
| Sustainable use of natural resources- including improved use of water resources (source: 1999 Integration Strategy, EU SDS, 6 th EAP) | | Decoupling of agricultural support under Regulation 1782/03 is expected to lead to more sustainable use of water resources |
| Develop agri-environment indicators to monitor progress (Source: 1999 Integration Strategy, 6 th EAP) | The IRENA ²¹ project will develop 35 agri-environmental indicators to assess the extent of environmental integration into the Common Agricultural Policy. The 35 indicator fact sheets and two reports will be presented by end of 2004. | |

Challenges and opportunities ahead for environmental integration

The 2003 reform of the CAP represents a significant step forward in further integrating environmental concerns, with on the one hand measures that integrate environmental concerns into agricultural market and income policy and on the other targeted environmental measures in rural development programmes. The next step is to use the new and extended policy instruments now available to Member States in the best possible way to concretely improve the environmental performance of agriculture. For example, the implementation of cross compliance standards will encourage farmers to adapt their practices to environmental requirements. The farm advisory service will be an important tool for improving the application of standards and use of good practice in the production process.

Other opportunities for environmental integration include:

- The mid-term evaluation of **rural development policy** and the discussion on the new programming period 2007-2013 is an opportunity to further strengthen the contribution of rural development to environmental policy objectives in the context of the 6th EAP and the Johannesburg Plan of Implementation, in particular as regards climate change and the

²¹ Indicator Report on the integration of Environmental concerns into the Agricultural policy

protection of Natura 2000 sites and other environmental issues. In this context, the Commission Communication “Building our common future” (COM (101)) indicates that future rural development policy will focus on competitiveness, enhancing the environment and countryside, including NATURA 2000, and quality of life in rural areas.

- The **Thematic Strategies on Sustainable use of pesticides and Soils** foreseen for 2004 and 2005 are intended, respectively, to reduce the impacts of pesticides on human health and the environment and, more generally to achieve a more sustainable use of pesticides, and to promote sustainable soil use, focusing in particular on preventing erosion, deterioration, contamination and desertification. One way of achieving these objectives is to further adapt farming practices.
- The Commission Communication to the European Parliament and to the Council on a Community Action Plan to stimulate **organic farming** will be presented in the first half of 2004.

3.2. Transport

Status

| Political commitments | | |
|---|---|--|
| 6 October 1999 | Transport integration strategy adopted in Council | |
| 21 March 2001 | Commission review of Transport Council's integration strategy | |
| 4-5 April 2001 | Council Resolution on integration of environmental concerns into transport policy | |
| 12 September 2001 | Commission White Paper on Transport Policy | |
| 6 December 2002 | Council Conclusions on the integration of environment and sustainable development into transport policy – reaffirming commitment to implement the operational part of the strategy by the end of 2004 and to regularly review it | |
| Priority objectives of environmental integration | Progress to date | |
| | Commission | Commission and Council/ Parliament |
| Shifting the balance between modes of transport (source: 1999 Integration Strategy, EU SDS, White Paper on Transport Policy, 6 th EAP) | <p>Steps taken to ensure interoperability and compatibility between national railway systems, and to develop interface with other transport modes - package of technical specifications adopted in 2002</p> <p>Commission proposal on Intermodal Loading Units, April 2003 COM (2003) 155</p> <p>Commission programme for the promotion of short sea shipping April 2003. COM (2003) 155</p> <p>Amended proposal for a regulation on action by Member States on public service requirements and the award of public service contracts for passenger transport by rail, road and inland waterway, COM (2002) 107</p> <p>3rd railway package containing measures to revitalise the European railways. The package consists of a Communication, four legislative measures and a Working Document on the extended impact assessment for the gradual opening up of</p> | <p>Second railway package adopted on April 2004 that includes:</p> <ul style="list-style-type: none"> – Steps taken to reform and liberalise the railway sector to boost its competitiveness and stop decline in its use-package (amendment of Directive 1991/440) – Steps taken to ensure interoperability and compatibility between national railway systems, and to develop interface with other transport modes-(amendment of Directives 96/48/EC and 2001/16/EC) – Regulation establishing a European Railway Agency – Safety Directive (COM(2002)21) <p>Revision amending decision 1692/96/EC on Community guidelines for the development of the trans-European transport network adopted in April 2004</p> <p>Marco Polo support programme for intermodal</p> |

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|--|---|--|
| | the market for international passenger services, adopted in March 2004 COM (2004) 139, 140, 142, 143, 144. | freight transport adopted July 2003. Sixth Framework Programme for RTD, adopted in 2002, support for research and development of Sustainable Transport Systems (Under priority 6- Sustainable Development, Global Change and Ecosystems). |
| Fair and efficient pricing of transport infrastructure (source: 1999 Integration Strategy, EU SDS, 6 th EAP) | Commission proposal for revision of Eurovignette directive on charging of heavy goods vehicles, adopted July 2003, COM (2003) 448. | Directive 2001/14/EC of February 2001 on the allocation of railway infrastructure capacity, levying of charges for the use of railway infrastructure and safety certification |
| Quantified targets and indicators (source: 1999 Integration Strategy, 6EAP) | Indicators: Transport and Environment Reporting Mechanism (TERM) | |
| Reduce greenhouse gas emissions from transport (source: 1999 Integration Strategy, EU SDS, White Paper on Transport Policy, 6 th EAP) | Negotiated agreement with the car industry supporting its commitment to reach 140g/km by 2008/9: European and Japanese carmakers on track to meet their commitments, Korean car industry still somewhat lagging behind. | Directive 2003/30/EC on the promotion of bio-fuels and other renewable fuels for transport adopted in 2003 with an indicative target of 5.75% of biofuels contribution to diesel and gasoline consumption by 2010 |
| Reduce other air pollutants (source: 1999 Integration Strategy, White Paper on Transport Policy, 6 th EAP) | | Final Council and European Parliament positions on the Commission's ship emissions strategy, December 2003 Adoption of directive 2003/17/EC introducing requirements on the sulphur content of road transport fuels. By 2003 only 5 Member States had ratified Annex VI to the MARPOL convention on the prevention of air pollution from ships |

| | | |
|---|--|--|
| <p>Reduce noise originating from transport (source: 1999 Integration Strategy, White Paper on Transport Policy, 6th EAP)</p> | | <p>Environmental noise directive 2002/49/EC adopted, requiring strategic noise maps to be made by 2007</p> <p>Community framework for noise-related operating restrictions at noise-sensitive airports – Directive 2002/30/EC- including noisiest aircraft (“Chapter 2”) banned from operating in the EU from 1 April 2002.</p> |
| <p>Safer and cleaner maritime transport (source: 1999 Integration Strategy, White Paper on Transport Policy, 6th EAP)</p> | <p>Amended proposal for a directive on the shipment of waste COM (2004) 172</p> <p>Proposal for a revised directive on sulphur in marine fuels COM (2002) 595.</p> <p>Proposals from the Commission (March 2003) to implement international rules to prevent deliberate discharges of waste or cargo residues to the sea and on imposing criminal sanctions on those responsible for pollution by ships.</p> | <p>Adoption of a range of directives and regulations under the Erika packages I and II in 2001, introducing new maritime safety measures to reduce the risks of oil spills.</p> <p>Adoption of Regulation 1726/03 banning the transport of heavy oils in single hull tankers and speeding up the phase out of single hulls and amendment to the MARPOL convention approved in December 2003 to this effect.</p> <p>Extension of the role of the European Maritime Safety Agency, European Parliament decision of February 2004</p> |
| <p>Decoupling of transport growth from economic growth (source: 1999 Integration Strategy, EU SDS, 6th EAP)</p> | <p>Implementation of the 60 or so measures set out in the White Paper on European transport policy is hoped to lead to a decoupling of the link between transport growth and economic growth, without the need to unduly restrict the mobility of people and goods.</p> | <p>“STEER”: the transport part of the Intelligent Energy Europe programme which is aimed at addressing transport energy issues.</p> |

Challenges and opportunities ahead for environmental integration

In its conclusions of 6 December 2002, the Transport Council noted that *“although progress has been made to reduce the environmental impact of transport in Member States and at Community level, significant progress still has to be made to reach the objectives set out in the 1999 Council strategy.”* The need for further action was corroborated in the 2003 European Climate Change Programme (ECCP) Progress Report, which stated *“the limitation of greenhouse gases in the transport sector will require the development of new strategies and strengthened policies and measures in the future. This is necessary to preserve the overall reductions that are achieved in view of meeting the target of the first commitment, and even*

more prominently, in view of future commitment periods.” The White Paper on Transport is comprised of a series of measures ranging from pricing to revitalising alternative modes of transport to road and targeted investment in the trans-European network. This integrated approach aims to allow the market shares of the alternative modes to return to their 1998 levels and thus shift the modal balance from 2010 onwards. Achieving this is harder than it may look, as there has been a historical imbalance in favour of road transport for the last 50 years. Proper implementation of the measures proposed in the framework of the White Paper is of utmost importance. Other opportunities for environmental integration include:

- A continuation of efforts to shift the balance between modes of transport, especially through the full implementation of measures in the White Paper on transport policy.²²
- Discussions on the rapid growth in greenhouse gas emissions from aviation and shipping in the context of the International Civil Aviation Organisation and the International Maritime Organisation have not yet resulted in concrete proposals. Specific actions to reduce emissions will have to be taken by the EU as decided in the 6th Environment Action Programme.
- In parallel, **emission standards**, in particular fine particulate matter and NO_x emissions from diesel cars and trucks need further attention.
- Commission’s contribution to the Gothenburg European Council called for a shift of balance between the modes by way of an investment policy in infrastructure geared to the railways, inland waterways, short sea shipping and intermodal operations. In this framework, Transeuropean Networks are set to play an important role. The implementation of the **Trans-European Networks** (TENs), as boosted by the European Growth Initiative through the Quick-start Programme, has to be done in accordance with environmental standards. *“A preference should be given to projects offering strong environmental benefits. For example, projects linked to supporting a hydrogen economy or shifting traffic from road to rail or from road to the sea”.*²³ As a first step, the identification of priorities for pending projects should take fully into account the EU’s environmental and sustainable development commitments.
- The voluntary CO₂ commitments by the passenger car manufacturers are up for midterm review in 2003/4. One element is review of the potential to move further towards the Community target of 120 CO₂/km by 2012. In addition, the other pillars of the strategy, e.g. car taxation and car labelling, need to be developed further.
- Measures to encourage the purchase of vehicles that use less energy and with reduced pollutant emissions should be promoted.
- Further measures are planned to reduce the risks of maritime accidents and associated environmental impacts, including an ‘Erika-III’ package. These should include development of a legal framework for investigations after accidents, a harmonised traffic information and management system and reinforcement of controls in ports. Further work is needed to build on commitments made by several member states through the IMO to designate Particularly Sensitive Sea Areas.

²² COM(2003)745, 3 December 2003, p. 46.

²³ Communication from the Commission – A European Initiative for Growth – Investing in Networks and Knowledge for Growth and Jobs – COM(2003)690 final, 11 November 2003.

3.3. Energy

Status

| Political commitments | | |
|--|---|---|
| November 1999 | Energy integration strategy adopted in Council | |
| 29 th November 2000 | Commission Green Paper: Towards a European strategy for the security of energy supply | |
| 21 March 2001 | Commission review of energy integration strategy | |
| 14-15 May 2001 | Industry/Energy Council Resolution on Energy Integration, setting deadline of December 2002 for second review | |
| 15-16 June 2001 | Second set of indicators presented to the Gothenburg European Council | |
| 25 November 2002 | Council Conclusions on sustainable development – commitment to pursue the implementation of the strategy in a way that is supportive to the conclusions reached at the 2002 World Summit on Sustainable Development. | |
| Priority objectives of environmental integration | Milestones to date | |
| | Commission | Commission and Council/ Parliament |
| Promoting the efficient use and production of energy (source: 1999 Integration Strategy, Green Paper on Energy Supply, EU SDS, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | <p>Commission Proposal for a Directive COM (2003) 453 on establishing a framework for the setting of eco-design requirements for energy-using products adopted in August 2003</p> <p>Commission Proposal for a Directive COM (2003) 739 on promoting energy efficiency at the level of final consumption and energy services, adopted December 2003</p> | <p>Directives 2002/ 31/EC, 2002/ 40/EC and 2003/66/EC on energy labelling of domestic appliances</p> <p>Directive 2002/91/EC adopted in December 2002 on the energy performance of buildings</p> <p>Directive 2004/8/EC on cogeneration, adopted February 2004.</p> |
| Developing an efficient internal energy market (including access for renewable energy generators) (1999 Integration Strategy, Green Paper on Energy Supply) | | Revision of internal energy market under directives 2003/54/EC (electricity) and 2003/55/EC (gas) – more focus on consumer choice, energy efficiency and priority access for Renewable Energy Sources (RES) |
| Increasing the competitiveness and use of renewable energy sources (source: 1999 Integration Strategy, Green Paper on Energy Supply, EU SDS, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | | <p>Directive 2001/77/EC on the promotion of electricity from renewable energy sources, adopted in September 2001, with an indicative EU target of 22% of electricity consumption from renewable sources by 2010.</p> <p>Directive 2003/30/EC,</p> |

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| | | adopted in May 2003, on the promotion of biofuels and other renewable fuels for transport |
| Internalising external costs/environmental benefits (source: 1999 Integration Strategy, EU SDS, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | | Energy products taxation directive 2003/96/EC adopted in October 2003 |
| Giving adequate priority to energy research and technological development and demonstration activities in Europe (Source: 1999 Integration Strategy, Green Paper on Energy Supply, EU SDS) | | Intelligent Energy in Europe-Community programme for 2003-2006 to promote energy efficiency and renewable energy Sixth Framework Programme for RTD, adopted in 2002, support for research on Sustainable Energy Systems (Under priority 6- Sustainable Development, Global Change and Ecosystems) |
| Develop integration indicators to monitor progress (Source: 1999 Integration Strategy, 6 th EAP) | Indicators: ERM (Energy-Environment Indicators) | |
| Contribute to Meeting the Kyoto Targets (Source: 1999 Integration Strategy, EU SDS, 6 th EAP) | | Directive 2003/87/EC on greenhouse gas emissions trading, adopted October 2003 |

Challenges and opportunities ahead for environmental integration

The second review of the energy strategy was due in 2002. Instead, the Energy Council (25 November 2002) adopted Conclusions on sustainable development in which it recalled the importance of the objective of achieving by 2010 12% of gross energy consumption from renewable energy and 22% of gross electricity consumption from renewable electricity production. In addition, the Council encouraged the promotion of energy systems compatible with sustainable development through the use of improved market signals and by removing market distortions, and called for further use of market based instruments in the energy field.

Regarding the implementation of its integration strategy, the Council stated its determination “to pursue [its] implementation [...] in a way that is supportive to the conclusions reached at the WSSD²⁴.” In light of this, future action will focus on the following areas, complementing long term energy policy objectives to ensure energy security and the economic functioning of energy markets:

- **Timely implementation of the Directive on the promotion of electricity from renewable energy sources** and of other relevant legislation recently set in place is a priority. Existing support schemes for renewables in the Member States can provide valuable hands-on expertise on the environmental and economic success of various support systems. A proactive policy is needed in Member States for a fair integration of renewable

²⁴ WSSD: Second World Summit on Sustainable Development held in Johannesburg in August-September 2002.

energy sources in the liberalised internal electricity market, while acknowledging fully their environmental and societal value. In addition, it is necessary to further support technological breakthroughs in the field of renewables and the effective dissemination of research in the field of energy efficiency in order to overcome market barriers.²⁵

- Given the importance of energy related emissions and in order to translate legislation into concrete results for the environment, it is important that Member States complete their National Allocation Plans under the Directive on Emissions Trading, due for submission to the Commission by March 2004, and increase their efforts to meet their burden-sharing targets under the Kyoto Protocol by developing and implementing national climate change strategies. In addition new policies to further integrate environment into energy policies need to be considered.

²⁵ It should be noted in this context that EU Member States were founding members of the Johannesburg Renewable Energy Coalition. (More info on <http://forum.europa.eu.int/Public/irc/env/ctf/home>) (see also below)

3.4. Industry

Status

| Political commitments | | |
|---|---|---------------------------------------|
| November 1999 | Council Report to the Helsinki European Council on environmental integration | |
| 14-15 May 2001 | Council Conclusions on industry integration | |
| 6 June 2002 | Council Conclusions on enterprise policy and sustainable development – the Commission was invited to <i>report every second year on the progress made on the contribution of Enterprise policy to Sustainable Development.</i> and the Council undertook to evaluate on a regular basis whether the balance between the three pillars of sustainable development is maintained, in particular in terms of ensuring the competitiveness of European enterprises and to draw appropriate conclusions in relation to any corrective action required. | |
| Priority objectives of environmental integration | Milestones to date | |
| | Commission | Commission and Council/ Parliament |
| Reduce impacts of chemicals on human health and the environment (source: EU SDS, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | <p>Proposal for a new regulatory framework on the registration, evaluation, authorisation and restrictions of chemicals (REACH) – COM (2003) 644, of October 2003</p> <p>Proposal for Directive COM (2003) 723 on Batteries Recycling adopted November 2003.</p> | |
| Integrating environmental aspects into standardisation activities to meet environmental objectives and support sustainable development (Source: Council Integration Decisions 2002, EU SDS) | Communication on integration of environmental aspects in European standardisation, COM(2004) 130, February 2004 | |
| Sustainable production and consumption (source: Council Integration Decisions and Reports 1999, 2002, EU SDS, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | <p>Communication 'Basic orientations for the sustainability of European tourism' (COM(2003)716 of November 2003</p> <p>Development of Integrated Product Policy (IPP) including Communication on IPP, COM (2003) 302, June 2003</p> <p>Communication "on the road to sustainable production "on Progress in Implementing the Integrated Pollution Prevention and Control – IPPC- Directive, COM (2003) 354, June 2003</p> | |

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| | <p>Communication 'Industrial policy in an enlarged Union' (COM(2002)714final) of December 2002 recognised the need to strengthen policies in the area of sustainable production</p> <p>First BEST (exchange of best practice) Study on environmental management systems and SMEs (2002)</p> | |
| Contributing to Kyoto Protocol targets (Source: Council Report 1999, EU SDS, 6 th EAP) | | Directive 2003/87/EC on greenhouse gas emissions trading, October 2003 |
| Promoting the development of environmental technology (Source: Council Decision 2002, EU SDS, 6 th EAP) | Proposal for an Environmental Technologies Action Plan COM (2004) 38, January 2004 | |

Challenges and opportunities ahead for environmental integration

- Adoption by the Council and Parliament of the Commission's proposal for a **new chemicals policy** is a priority so as to allow the timely entry into force of the REACH system.
- The Communication on **Sustainable Production**, planned for 2004, will focus on the way producers integrate environmental aspects (measures to reduce the impacts of their production processes and of their products on the environment) into their long-term business strategy, and create market opportunities through superior environmental performance.
- The **Thematic Strategy on waste prevention and recycling, coupled with the strategy on sustainable use of natural resources** planned for 2005 will focus on the means to promote more sustainable waste management, to reduce waste generation] minimising the environmental impacts of waste generated and of increasing resource efficiency and reduce resource use.
- The **Action Plan on Innovation** planned for 2004 as a follow-up to the Commission Communication on Innovation of 2003 will contribute to further promoting clean technologies, in line with the Environmental Technology Action Plan (ETAP) adopted in January 2004.
- The **new Programme on the Competitiveness of Enterprises** to be adopted in 2004 to replace the current Multiannual Programme for Enterprises and Entrepreneurship expiring in 2005, will foster progress towards the objectives of the Lisbon Strategy and therefore, including environmental integration

3.5. Internal Market

Status

| Political commitments | | |
|---|---|--|
| June 1999 | Commission Communication: Strategy for integrating the environment into the single market COM (99) 263. | |
| November 1999 | Council Report to the Helsinki European Council on environmental integration | |
| March 2000 | Community guidelines on state aid for environmental protection | |
| 31 May 2001 | Council strategy on the integration of environment into internal market policies adopted | |
| 4 July 2001 | Commission Interpretative Communication on public procurement and the environment | |
| 14 November 2002 | Council Report on integrating environmental protection and sustainable development into internal aspects of competitiveness policy – comprehensive review planned for 2003 to take into account the EU Sustainable Development Strategy and the World Summit on Sustainable Development | |
| By end 2003 | Deadline by which the Competitiveness Council was due to review its strategy | |
| Priority objectives of environmental integration | Milestones to date | |
| | Commission | Commission and Council/ Parliament |
| Public procurement (Source Council Report on Integration 1999 ²⁶ , EU SDS) | <p>Interpretative Communication on public procurement and the environment COM (2001) 0274</p> <p>Practical handbook on green procurement, to be adopted after the directives, before summer 2004</p> | <p>Council and European Parliament adoption in March 2004 of the Directive 2004/18/EC on coordination of procedures for the award of public supply contracts, public services contracts and public works contracts ("classical" directive) and the Directive 2004/17/EC on procurement procedures of entities operating in the water, energy, transport and postal services sectors ("utilities" directive).</p> |
| Better fit between free movement of goods and services and the environment (Council Report on Integration 1999) | | |
| Implementation of environmental Internal Market legislation (Council Report on Integration 1999) | | |

Challenges and opportunities ahead for environmental integration

The Commission outlined priorities for 2003-2006 in a Communication on the Internal Market Strategy (COM(2003)238 final). Actions of particular importance for further integration of environmental considerations into Internal Market legislation include:

²⁶ Report from Internal Market Council to Helsinki European Council, November 1999

- Adoption by the Council and European Parliament of the framework Directive on the eco-design of energy using products
- Review of the Community Guidelines on State aid for Environmental Protection (timing 2004- 2007), to adjust the framework to adapt it to the increasing sophistication of investments in environmental technologies and to new forms of public/private partnership.

The Commission should also put forward a proposal to restructure the tax bases of the annual circulation and registration taxes in order to make passenger car taxation more carbon dioxide efficient and more consistent with the Internal Market.

3.6. Development co-operation

Status

| Political commitments | | |
|---|---|---|
| November 1999 | Council Conclusions on integrating environment and sustainable development into EC Development Policy | |
| 7 November 2000 | Council Regulation 2493/2000 on measures to promote the full integration of the environmental dimension in the development process of developing countries | |
| 10 November 2000 | Council and Commission Joint Statement on EC Development Policy commitment to environmental integration into the Community's development instruments. | |
| 31 May 2001 | Strategy for the integration of environmental considerations into development policy to promote sustainable development – Council Conclusions | |
| By end 2004 | First review of integration strategy foreseen | |
| Priority objectives of environmental integration | Milestones to date | |
| | Commission | Commission and Council/ Parliament |
| Better exploit development and environment synergies (Source: 2001 Integration Strategy, EU SDS, 6 th EAP) | <p>Launch of EU Water and Energy Initiatives COM (2002) 132 and COM (2002) 408 (September 2002)</p> <p>Adoption of the Action Plan on Forest Law Enforcement, Governance and Trade COM (2003) 251 (May 2003)</p> <p>Publication of joint agency reports (World Bank, DFID, UNDP, EC) on 'Linking poverty reduction and environmental management' and on 'poverty and climate change'</p> <p>Commission Communication Fighting rural poverty: European Community policy and approach to rural development and sustainable natural resources management in developing countries (COM(2002)429 final)</p> <p>Commission Programming guidelines for environment in developing countries and tropical forests 2002-2004</p> <p>"COOPENER" support for initiatives for the promotion of renewable energy sources and energy efficiency in the</p> | <p>Council Conclusions on the Action Plan on Forest Law Enforcement, Governance and Trade, adopted 13th October 2003. Parliamentary motion 19th January 2004</p> <p>Council conclusions of 27th January 2003 on Fighting Rural Poverty: European Community policy and approach to rural development and sustainable natural resources management in developing countries</p> <p>Council conclusions on water management in developing countries, 30 May 2002.</p> |

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| | developing countries, as part of the Intelligent Energy-Europe Programme. | |
| Commitments and obligations of Multilateral Environmental Agreements (MEAs) mainstreamed into development cooperation (Source: 2001 Integration Strategy, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | <p>2nd Report of the European Community to the Conference of the Parties of the Convention on Biological Diversity (CBD) on the implementation of the CBD (October 2002)</p> <p>Communication – Climate Change in the context of development co-operation COM(2003)85</p> <p>EU-ACP Joint paper on combating drought and desertification (15-16 May 2003)</p> <p>Community Report (May 2002) on activities in support of the implementation of the UN Convention to Combat Desertification</p> | Council conclusions of December 2003 on the Communication – Climate Change in the context of development co-operation |
| Need for new financial means for the implementation of Multilateral Environmental Agreements (MEAs) (Plan of Implementation of the Johannesburg WSSD) | | |

Challenges and opportunities ahead for environmental integration

- The **review of the EU Sustainable Development Strategy** planned for 2004 provides the opportunity to better integrate the internal and external pillars of the Strategy.
- The **mid-term review of Country Strategy Papers funded under the Cotonou** agreement scheduled for 2004 offers an opportunity to strengthen environment and development synergies, which should be seized, including strategic environment reviews of Country Strategy Papers and the establishment of environmental profiles during the preparation of country strategies
- The **EU Water Initiative** should be taken forward by moving to action on the ground in concert with all major stakeholders, following the decision by Council in March 2004 on initial funding for the ACP-EU water facility. The **EU Energy Initiative** should also be taken forward, notably by ensuring adequate financing. The initiative should assist in identifying energy – environment links, to provide modern, environmentally sustainable, energy services to the general public, particularly in Sub-Saharan Africa.
- The **Action Plan for Forest Law Enforcement, Governance and Trade**, should be taken forward by the Commission, in particular by adopting a Regulation on the subject in 2004 with a view to implementing a voluntary licensing scheme for timber exports from partner countries. A Sustainability Impact Assessment (SIA) of this scheme is scheduled to take place in 2004. Still on the theme of forests, the Commission will propose a negotiating

mandate for the re-negotiation of the International Tropical Timber Agreement, which will take place in July 2004.

- The review of the **Biodiversity Action Plan** for Economic and Development Cooperation in 2004 offers opportunities to better address biodiversity issues in development cooperation.
- In the framework of the review of the integration strategy foreseen for 2004 and the evaluation of environment aid, the Union should address in priority the need for new financial means to facilitate the implementation of Multilateral Environmental Agreements and other key environmental policies in developing countries.
- The strategy for integration of environmental considerations into development policy sets a timetable and indicators. Key actions for 2004 include the training in environmental integration for headquarter and delegation staff working on development issues, setting up an environmental helpdesk, evaluating the budget line on environment in developing countries and tropical forests and drafting new programming guidelines for 2005-2006 and updating the manual on integration for development cooperation.

3.7. Fisheries

Status

| Political commitments | | |
|---|--|---|
| 16 March 2001 | Commission Communication on the elements for a comprehensive integration strategy | |
| 20 March 2001 | Commission Green Paper on the Reform of the Common Fisheries Policy (CFP) | |
| 28 March 2001 | Community Biodiversity Action Plan for Fisheries and Aquaculture | |
| 25 April 2001 | Council Conclusions on integration of environment and sustainable development into CFP | |
| 28 May 2002 | Commission Communication on CFP Reform and related proposals; Commission Action Plan to integrate environmental protection requirements into CFP | |
| By end2005 | First report by the Commission to the Council and European Parliament on the environmental performance of the CFP | |
| Priority objectives of environmental integration | Milestones to date | |
| | Commission | Commission and Council/ Parliament |
| CFP should explicitly include environmental, economic and social objectives, which should be considered on a same footing. These objectives must apply to the Community's external fisheries policy and in particular fisheries agreements with developing countries (Source: EU SDS) | Emergency measures to protect certain deep sea habitats such as coral reefs from effects of bottom trawling, e.g. for Darwin Mounds coral reefs, Commission Regulation 1475/2003, extended by further regulations and Commission proposal COM (2004) 58 for longer term measures | Council agreement on CFP Reform (Regulation 2371/2002 of December 2002) objectives includes to ensure exploitation of aquatic resources that promote sustainable development. |
| Reduction in fishing pressure on fishing grounds to sustainable levels (source: 2001 and 2002 Commission Communications on integration) by 2015 (source: Plan of Implementation for Johannesburg WSSD) | Commission proposals for recovery plans for sole, southern hake and Norway lobster, January 2004; Total Allowable Catch regulation for 2004, effort regime in Western waters. | Council agreement and European Parliament support on stock recovery plans for cod and Northern Hake and on western water regimes December 2003 |
| Eco-system-based approach to fisheries policy. Improvement of fishing methods with a view to reducing discards, incidental by-catch and impact on habitats (source: 2001 and 2002 Commission Communications on integration, Plan of Implementation for Johannesburg WSSD) | . | Council agreement and European Parliament support on shark finning in June 2003- to regulate the removal of shark fins on board to protect shark populations. Council agreement (Regulation 812/2004) adopted April 2004 to curb the accidental capture of cetaceans such as dolphins and harbour porpoises. |

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| Elimination of public aid for the modernisation or renewal of the fishing fleet except for aid to improve safety or product quality not likely to increase fishing capacity (2001 and 2002 Commission Communications on integration) | | Phase out of modernisation subsidies by end 2004 agreed under Council regulation 2371/2002 for CFP reform, European Parliament support. And regulation 1438/2003 setting out rules for implementing this decision |
| Improve governance by stakeholder involvement (source: 2001 and 2002 Commission Communications on integration, EU SDS) | | Council decision of 24 th May 2004 on provisions for establishing Regional Advisory Councils |

Challenges and opportunities ahead for environmental integration

Building upon the Commission's Proposals under the Common Fisheries Policy and the Council agreement of December 2002 and December 2003, efforts should be pursued to meet the WSSD objective of securing sustainable exploitation of fish resources by 2015:

- All necessary steps need to be taken **to implement the CFP reform**, notably through reductions in fishing pressure, the setting up of the first Regional Advisory Councils in 2004, developing new fisheries partnership agreements and integrating environmental concerns into aquaculture.
- The number of species and areas affected by fishing pressure is increasing. The 2003 International Council for the Exploration of the Sea (ICES) report notes that, of 113 fish stocks that ICES assessed in the Northeast Atlantic in 2001, only 18% were inside safe biological limits and that over fishing is a major reason for the decline in stocks. Steps are needed to further reduce fishing effort.
- In the longer term, the Union should bear in mind the effects of climate change on the size and distribution of stocks in setting policy and operational objectives.

3.8. Economic and financial affairs

Status

| Political commitments | | |
|---|---|---|
| 20 September 2000 | Commission Communication on integrating environmental issues into economic policy | |
| 27 November 2000 | Council Report to the Nice European Council | |
| 5 March 2002 | Strategy on integrating environmental issues into economic policy adopted in Council | |
| Annual | Broad Economic Policy Guidelines (BEPGs) to be used to monitor and review progress | |
| Priority objectives of environmental integration | Milestones to date | |
| | Commission | Commission and Council/ Parliament |
| Decouple resource use and environmental pressure from economic growth (source: 2002 Integration Strategy, EU SDS) | Insertion of environmental considerations in BEPGs since 2001 Inclusion of environmental indicators in the list of structural indicators | |
| On the basis of the polluter-pays principle, increasingly rely on market mechanisms and market-based instruments to promote environmental protection (source: 2000 Commission Communication, 2001 Council report and 2002 Integration Strategy, EU SDS) | | Energy products taxation Directive 2003/96/EC adopted in October 2003 |
| Base policy decisions on sound analysis of economic, environmental and social costs and benefits (source: 2002 Integration Strategy and 2001 Council report, EU SDS) | Introduction of Extended Impact Assessment scheme in 2002 | |

Challenges and opportunities ahead for environmental integration

- Building upon the new Directive on energy products taxation, which entered into force in January 2004, further steps need to be taken to **foster the use of flexible, market-based, instruments to promote environmental protection**. To this end, the Commission will present in 2004 a Communication on the subject.
- The current Broad Economic Policy Guidelines, which are a major input to the preparation of the Commission Spring Report and involve establishing a dialogue with the Member States on economic policy, cover the period 2003-2005. While they include general environmental considerations since 2001, country-specific environmental recommendations should be considered for the BEPGs for 2005 onwards, where there is evidence of a problem that is specific to the country concerned and which poses a substantial economic challenge or has implications for economic policy

- Further action should be taken, using the OECD framework to be published at the end of 2004, to highlight environmentally harmful subsidies, and to consider their removal, albeit taking into account their social and economic aspects as set out in the Environmental Technologies Action Plan.
- The Commission should put forward proposals for more ambitious environmental targets for energy taxation within two years of the energy products tax directive's adoption, as set out in its communication COM (2001) 264) on the Sustainable Development Strategy.

3.9. Trade and foreign policy

Status

| Political commitments | | |
|---|--|---|
| 9 April 2001. | Council Conclusions on environmental integration in the external policies of the General Affairs Council (GAC) | |
| February 2002 | Commission Communication 'Towards a global partnership for sustainable development' | |
| 11 March 2002 | Strategy on integrating environment into external policies adopted in Council | |
| March 2003 | European Council Conclusions on the follow-up of WSSD | |
| June 2003 | Thessaloniki European Council – Green Diplomacy Initiative | |
| By end 2003 | First strategy review foreseen | |
| Priority objectives of environmental integration | Milestones to date | |
| | Commission | Commission and Council/ Parliament |
| Promote mainstreaming of environment in the outcome of trade negotiations on the Doha Development Agenda and bilateral/regional agreements, clarifying the interface between multilateral trade and environmental policy and improving market access for environmental goods and services (source: 2002 Integration Strategy, 6 th EAP, Plan of Implementation of the Johannesburg WSSD) | On-going development of Sustainability Impact Assessments of WTO negotiations. Sustainability Impact Assessments for regional and bilateral trade agreements (on-going: EU-Gulf Cooperation Council (GCC), Economic Partnership Agreements with ACP countries, Euromed, EU-Mercosur). | Decision in 2002 to include Sustainable Development in the negotiations for an EU-Mercosur Free Trade Agreement. |
| Provide technical assistance, capacity building for negotiations and implementation in the trade and environment interface (source: 2002 Integration Strategy, Plan of Implementation of the Johannesburg WSSD) | Launching of the Sustainable Trade and Innovation Centre in Johannesburg as a type-II initiative. | |
| Foster greater Corporate Social Responsibility (CSR) in trade and investment decisions through voluntary international codes of conduct (source: 2002 Integration Strategy, Plan of Implementation of the Johannesburg WSSD) | Establishment of the European Multi-Stakeholder Forum on CSR in 2002, including round tables on Development, Environment and Trade. | |
| Work towards adoption of export credit disciplines with strong integrated environmental considerations (source: 2002 Integration Strategy, 6 th EAP) | | Adoption of the OECD Recommendation on Common Approaches on Environment and officially Supported Export Credits in December 2003. |

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| Mainstream environmental objectives into European foreign policy (source: 2002 Integration Strategy, 6 th EAP) | | European Green diplomacy initiative (June 2003) |
| Raising the profile of environmental issues in the EU's relations with third countries and regions (source: 2002 Integration Strategy) | Launching of the EC/China Ministerial Dialogue on the Environment in November 2003. | Meetings of the ASEM Environment Ministers in January 2002 and October 2003. European Council endorsed 2 nd Northern Dimension Action Plan in October 2003 Conclusions of several Euro-Mediterranean Ministers meetings (Environment, Athens, July 2002; Agriculture, Venice, November 2003; Foreign Affairs, Naples, December 2003) |

Challenges and opportunities ahead for environmental integration

- The Union should take on board the challenge, recognised in the European Security Strategy adopted by the December 2003 European Council, that climate change could pose over the next decades through increasing competition for natural resources, notably water. This might create further turbulence and migratory movements in various regions.
- The **European Neighbourhood Policy (Wider Europe) Initiative**, under development following the adoption of the Commission Communication of March 2003, addresses environmental issues. As part of this, the reflection on establishing a New Neighbourhood Instrument offers an opportunity to take into consideration the particular environmental challenges of the countries concerned.
- The environmental dimension should be integrated in the planned Common European Economic Space (CEES), endorsed at the EU-Russia Summit in November 2003.
- The recently set-up **European Green Diplomacy Initiative** should be built upon to enhance operationally the EU's voice and influence on international environmental negotiations and processes. It should also enhance dialogue with key partners on environmental issues.
- The Commission and Member States should further promote a trade and environment agenda in WTO negotiations in the framework of the **Doha Development Agenda** and the environment dimension of regional and bilateral trade agreements should be strengthened, notably through improved Sustainability Impact Assessments and use of their results in negotiations.
- Implementation of the *OECD Recommendation on Common Approaches on Environment and Officially Supported Export Credits*, should be taken forward with Member States and additional action taken to enhance the contribution of export credits to sustainable development, for example for renewable energy.

4. THE NEED TO IMPROVE DELIVERY ON ENVIRONMENTAL INTEGRATION

From the analysis of sectoral achievements above, it may be concluded that the Cardiff process has produced mixed results. On the positive side, it has helped bring about concrete improvements in some sectors - the Commission's initiatives on renewable energy and energy efficiency being an undeniable step forward on that score. The 2003 and 2004 CAP reform greatly contributed to progress towards Cardiff process objectives. The Cardiff process has also contributed to raising the profile of environmental integration, now regularly discussed at EU level.

However, environmental integration commitments are still largely to be translated into further concrete results for the environment. To date, the Cardiff process has failed to deliver fully on expectations. It suffers from several shortcomings:

- **A general lack of consistency:** quality and ambition vary widely from one sector to another. Not all Council formations have shown the same degree of commitment to the process. Some strategies have taken the form of a fully developed set of environmental commitments, with deadlines, milestones, and reporting and review mechanisms. Others are limited to declarations of intent through Council conclusions, more focused on how environmental policy should be pursued than on commitments for environmental integration in the concerned sectors. Ways of improving consistency should be explored.
- **Political commitment could be strengthened:** The Cardiff process seems to have been perceived by several Council formations as a *pro forma exercise*, imposed on them by the European Council, for which they did not feel ownership. The pace of progress seems also to have varied according to the degree of commitment to environmental integration of the successive Council Presidencies.
- **Delivery, implementation and review mechanisms can be improved:** Undoubtedly some perseverance is needed, as integration efforts require time to pay off – the sectors that first developed integration strategies have tended to achieve results, as illustrated by agriculture. However, provisions for implementation can help delivery. For example, the Development strategy adopted in 2001 goes into detail on measures needed for delivery on the ground, including human resource issues, awareness raising and training. However, many Council formations seem to have interpreted Cardiff as a one-off exercise. Yet integration is a dynamic process, which requires regular monitoring, reviewing and updating to be effective. But only a few strategies set out plans for regular reviews. For example, the Energy Strategy adopted in 1999 includes a commitment to review every two years.
- **Clearer priorities and focus are needed:** Many strategies have tended to be all-inclusive and failed to clearly identify priority areas where focussed actions could make a difference. However, the momentum of environmental integration appears to be boosted for sectors, for which the Union has set clear targets and milestones. For instance, the 1999 Energy Strategy and 2001 Development Strategy re-emphasise established targets for 2010 or 2015 (for action on climate change, renewable energy and combined heat and power and for reversing the trend in loss of environmental resources). The Development and Fisheries strategies also include a table of milestones setting out actions with deadlines for their completion. In addition, where competence lies with the Union, targets against which

progress can be monitored and reviewed are often easier to achieve. In many other areas, objectives tend to be more ambiguous and the path towards integration less clear. It often requires compromises between different national interests that are difficult to reach and the sometimes equally difficult mobilisation of national efforts for their implementation.

- **Adopting a strategic forward looking approach would help:** So far, many of the most significant steps taken to advance environmental integration at EU level have responded to **crisis situations**, in the form of pressing threats to sustained economic activity (fisheries), repeated food scares (agriculture) or recurring ecological disasters (maritime transport), rather than resulted from the environmental integration strategies devised in the framework of the Cardiff process. More focus on the development and implementation of the **strategic approach** established by the Cardiff process would **increase the cost-effectiveness** of environmental integration. It is generally accepted that strategic approaches by planning ahead, allow better management of risks and can reduce both future damage costs and the costs of avoiding damage.

These shortcomings have led to calls for renewed action. In October 2002, the Environment Council called upon the European Council to “*reinforce the Cardiff process [...] with the aim of achieving sustainable development, in particular by calling upon relevant Council formations to put into practice the decoupling of economic growth from resource use and environmental degradation under the co-ordination of the Council (General Affairs/External Relations) in accordance with the Seville conclusions, and to give an account of integration actions and achievements at the Spring European Council every two years starting from 2003 or 2004 as appropriate*”²⁷.

The Brussels European Council of March 2003 reaffirmed the importance of the environmental integration mandate in the context of the EU’s strive to move towards sustainable development, and called to this end for a strengthening of the Cardiff process, notably through the development of “*sector-specific decoupling objectives*”. The specificities of each strategy’s institutional and policy contexts should of course be taken into account in setting these objectives as well as in the future development of the Cardiff process.

The Spring European Council of March 2004 again emphasised the importance of environmental integration, stating: “*Growth, to be sustainable, must be environmentally sound. Through better policy integration and more sustainable consumption and production patterns, growth must be decoupled from negative environmental impacts.*”

²⁷ Environment Council conclusions on putting into practice the European Union sustainable development strategy and the environmental dimension of the Johannesburg commitments (Brussels, 17 October 2002).

5. WAY FORWARD

As underscored by the Spring European Council in March 2003²⁸ and in the Environment Policy Review 2003, environmental integration needs to be reinvigorated. This is supported by the assessment above. Given the persistence of significant negative environmental pressures and unsustainable trends, the Cardiff process must be pursued, in some cases with more vigour. However, successful integration of environmental concerns into other sectors will require further steps to support this process and promote integration, within the wider sustainable development context. In the following section a number of suggestions are made for increasing the effectiveness of the Cardiff process through complementary actions at the Community and national level to ensure that it feeds through into environmental improvements on the ground.

5.1. Revitalising the Cardiff process

i) **The Cardiff process needs clear leadership.** A clear policy signal should be given **by the European Council** on the need to pursue environmental integration with determination through the Cardiff process. The European Council should regularly be informed on the pace of progress in this area and therefore provided with the opportunity to recall its commitment to environmental integration, so as to give the political impulse needed to mobilise the different Council formations to that end.

ii) In line with the March 2003 European Council conclusions, **the Commission** will carry out **an annual stocktaking** of the Cardiff process to feed into the Environmental Policy Review and the Commission's Spring Report and to contribute to the Spring European Council discussion.

Approaches to promoting good practice and consistency between strategies in terms of monitoring, review and updating the content of strategies should also be explored. The Commission will develop a common framework and guidelines during 2005, identifying possible approaches and presenting options as how best to ensure the necessary coordination and oversight role.

iii) The **sectoral councils** should ensure that:

- **Emphasis is put on strategy implementation** and on delivering on the commitments already made.
- Strategic aims are translated into **clear operational targets**. More focussed objectives and milestones should be included in the strategies to establish a pathway to environmental integration for each sector. Monitoring will also benefit from a more systematic and focussed approach. For instance, as suggested by the United Kingdom in its contribution to the preparation of the Spring 2004 Council, the different council formations could be asked by the European Council to report every year on the measures taken to combat climate change.

²⁸ See paragraph 57 of the Presidency Conclusions to the European Council (20-21 March 2003).

- **Strategy monitoring is put into practice:** further efforts need to be made on the development and use of sector-specific decoupling objectives, milestones and integration indicators (building upon steps taken in the transport – TERM, agriculture – IRENA, and energy – ERM, fields), against which to measure progress towards sustainable development.²⁹
- **Strategies include updating and review mechanisms** to allow for adjustments to reflect progress and lessons learned and relevant policy developments to be taken into account in ongoing implementation.

More specifically:

- The **General Affairs** and External Relations Council whose strategy review was due in 2003 should be invited to proceed with the reviews in a timely manner. In the framework of the review of the Development strategy planned for 2004, to adjust the strategy's objective to the Johannesburg Plan of Implementation to contribute actively to its achievement. In addition, the review should address the need for new financial means to facilitate the implementation of Multilateral Agreements and other key environmental policies in developing countries.
- As underlined by the Environment Council (17 October 2002), **environmental integration efforts need to be extended to other sectoral policies**. Given their close interlinkages with environmental policy, the Council identified **tourism, research, cohesion policy and education** as priority candidates for further environmental integration efforts at EU level.

5.2. Complementing the Cardiff process

To ensure that the Cardiff process feeds through into real improvements in environmental quality and promotes sustainable development in the actions that it generates, it is clear that the institutional and top-down approach of this process needs to be complemented by more practical steps at both Community and national levels.

The aim of these complementary measures would be to mobilise other actors at Community level and in member states to support environmental integration, re-inforcing the effectiveness of efforts made by Council formations and other institutions under of the Cardiff process, by demonstrating that it is necessary, that it can be mutually beneficial for the sectors concerned and the environment, and that appropriate instruments and solutions exist and can be developed to achieve it. This implies in particular:

5.2.1. At Community level

i) Promoting win-win solutions:

More emphasis must be placed on setting out **how environmental integration can help achieve other sectoral objectives**, by identifying mutually beneficial solutions to problems. The Commission together with Member States should identify such solutions and examples of best practice. For example, in transport, reductions in congestion, through congestion charging or modal shift for example, may improve mobility and reduce costs to the economy,

²⁹ This was underlined in the Presidency Conclusions to the Spring European Council (20-21 March 2003), paragraph 57.

whilst improving air quality³⁰. Improving the environmental quality of less favoured regions can be an important factor in attracting private investment or developing tourist activity in a region, and can therefore foster regional development with cohesion benefits. Promising areas include the promotion of environmental technologies.

ii) Demonstrating that environmental integration is feasible:

In parallel, there is a need to develop innovative **instruments and approaches that can actively foster environmental integration while minimising economic and social costs**. Legislation, while remaining one of the main means of achieving environmental objectives, needs to be complemented with a wider range of policy instruments to help attain those objectives in the most cost-effective way, while taking full account of economic and social considerations. As indicated in the EU SDS, the 6 EAP and ETAP, measures that lead to the **internalisation of environmental costs** offer one of the fastest routes for environmental integration as a successful internalisation means that price signals would reflect the real environmental costs, thus informing the decisions of both economic operators and policy makers in the concerned sectors. This internalisation of costs is facilitated by **the use of market-based instruments** to promote environmental objectives as illustrated by the recently adopted emissions trading scheme, or the directive on the taxation of energy products. There are many advantages to the use of market-based instruments. As flexible mechanisms, they allow sectoral actors to develop cost-effective approaches to reducing environmental impacts. By internalising environmental costs, they can lead to changes in behaviour. Yet, competence in this field principally lies with the Member States and the full deployment of some market based instruments at Community level suffers from this situation, as exemplified by the time needed to adopt measures in the area of taxation.

Other instruments that are designed to contribute to environmental integration include the **thematic strategies** foreseen in the 6th EAP (soils; marine; air quality; resources; waste and recycling; urban; pesticides) and the Strategy on environment and health. These strategies exemplify the Commission's new integrated approach to policy-making in the environmental field. They are being developed with the full consultation of stakeholders and the involvement of the concerned policy sectors, so as to promote environmental integration and policy convergence. The strategies will set out clear quantifiable targets and, where possible, promote the use of market-based instruments. They provide a test bed for innovative approaches.³¹

The full implementation as of January 2004 of the Extended **Impact Assessments**, as part of the Better regulation package and in the context of the Sustainable Development Strategy will allow spill-overs from one policy area to another or synergies to be identified and addressed, hence facilitating the identification and negotiation of trade-offs. Experience so far has

³⁰ Indeed, the new Eurovignette proposal encourages Member States to differentiate the tolls. This new framework, when adopted by the Council and the Parliament, holds the potential for making an important contribution to improve the environmental performance of the transport sector, provided that Member States make use of the possibilities offered by the directive.

³¹ Development of the strategies takes place in two stages. The first stage, completed in 2003, resulted in a Communication defining the problems to be addressed and outlining proposed solutions. The second stage will define the objectives and the various means and policy measures, and will be completed by 2005. Three strategies will complete the second phase in 2004 (soils, pesticides and waste prevention and recycling); in parallel, an Action Plan on Environment and Health will be developed as a follow up to the adoption of an overarching strategy on this matter in 2003.

confirmed that, properly used, extended impact assessments could be a powerful instrument for promoting environmental integration while ensuring that due account is taken of the economic and social dimensions of sustainable development.

iii) Illustrating the need for environmental integration:

Raising awareness of environmental problems and solutions available may sensitise the public and decision makers to the need to further environmental integration. Information can also be used to promote stakeholder participation for better environmental policy making and encourage changes in behaviour.

Efforts to gather and publish **information and data on the state of the environment**, the pressures it is under and their sources and the distance that remains to achieve the targets set **must be strengthened** and should go hand in hand with efforts to summarise this information, **notably** through **indicators**.

5.2.2. At national level

To achieve the full potential benefits of the Cardiff process and related efforts in terms of environmental and sustainable development improvements on the ground, efforts to improve integration at EU level need to be backed by commitments and action at national level.

For instance, stringent implementation by Member States of the directives on **Environmental Impact Assessment (EIA)**³² and on **Strategic Environmental Assessment (SEA)**³³ is key to advancing environmental integration through projects, plans and programmes at national level.

Furthermore, a **regular exchange of good integration practice at national, regional and local level** could help put integration into effect. There is a wealth of experience at all levels, notably in the framework of local Agenda 21 initiatives, which should be pooled and made more widely accessible. The review of the environmental dimension of national sustainable development strategies currently under preparation will provide a first analytical tool to assess approaches, with a view to highlighting and fostering exchange of good practice. Measures to strengthen existing networks of environmental integration and sustainable development practitioners and to simplify and speed up the exchange of information between practitioners should be explored. For example, the development of **an interactive Internet portal** to support access to and updates of information on relevant national, regional and local experience could be considered.

Continued political commitment to the use of such approaches at EU and national level is needed to enable the process of environmental integration to bring further results on the ground.

³² Directive 85/337/EEC, amended by Directive 97/11/EC. The EIA directive requires the environmental impacts of range of projects from different sectors to be taken into account before a decision is taken for the project to proceed

³³ Directive 2001/42/EC. A SEA allows the environmental consequences of certain plans and programmes to be identified and assessed during the programme or plan preparation, before their adoption

6. CONCLUSION

While this stocktaking has shown the positive results of the Cardiff process, both in terms of raising the profile of environmental integration and in terms of concrete improvements in some sectors, it also points to a number of weaknesses in implementation. Amongst other issues, it emphasises the need to improve the consistency of strategies across Council formations and for greater emphasis on good practice in terms of content and implementation. It also points to a set of measures at Community and national levels to support sectoral Councils in their efforts under the Cardiff Process to integrate environmental concerns into their policies and to help maximise the benefits of these efforts in terms of concrete environmental improvements. Further efforts are also needed at national level to fully implement the decisions taken at Community level.

While sustainable development involves dealing with economic, social and environmental policies in a mutually reinforcing way, environmental integration needs increased visibility and political support at the highest level. It should become a regular item on the agenda of the Spring European Council. In this respect and in line with the Presidency Conclusions to the March 2003 European Council, the European Commission will carry out an **annual stocktaking of environmental integration** as a complement to the Environment Policy Review, which will feed into the Commission's Spring Report and the Spring European Council debate.

Forthcoming opportunities to further promote environmental integration should also be seized:

- The **Review of the Sustainable Development Strategy planned for 2004- 2005** will examine progress made since 2001 and identify priority actions to ensure delivery. This exercise will enable the EU to pinpoint where environmental integration gaps lie at EU level, hampering the EU's efforts to curb unsustainable environmental trends, and to make concrete proposals to address them.
- The **mid-term review of the Lisbon strategy in 2005** offers an additional opportunity to examine how environmental integration and economic and employment growth could increasingly be mutually supportive.
- The Commission's emphasis on sustainable development in its Communication on the Union's next **financial perspectives (2007 onwards)**³⁴ will give an additional boost to further environmental integration, in particular in the agricultural and regional policy. The adoption in 2004 of a Commission proposal for a regulation on the structural and cohesion funds in the period post-2006, setting new guidelines, will provide an opportunity to better integrate the environmental, economic and social pillars of sustainable development into cohesion policy.

³⁴ See Communication from the Commission to the European Parliament and the Council, The Commission's legislative and work programme for 2004, COM(2003)645 final of 29 October 2003 (p. 5).

Environmental integration is a key condition for progressing towards sustainable development. It requires the unfailing and continuous commitment of all policy sectors at all levels of governance in the Union.