

**ECONOMIC AND SOCIAL
CONSULTATIVE ASSEMBLY**

1992



Environment and single market

*EUROPEAN
COMMUNITIES*

*ECONOMIC AND
SOCIAL COMMITTEE*

Brussels 1991

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PREFACE

The increasing priority attached to health and environmental protection means that the impending completion of the Single Market must account for the environmental aspirations of the people of Europe. Resulting from this concern, the Community has seen a growing commitment to continuous and comprehensive review of environmental policy relating to Community and global issues. In particular the Economic and Social Committee, representing the economic and social interests within the European Community, has consistently stressed the links between health and environmental protection measures to other areas of EC policy in many of its Opinions.

The EC will have to advocate radical structural reform if progressive environmental deterioration is to be checked, and a comprehensive package of long-term environmental measures is to be implemented.

For this reason the ESC has submitted Opinions on far reaching aspects of environmental issues, covering proposals for improved research, the environmental implications of the single market, and in assessing the urban dimension of environmental policy.

An environmental policy must be based within an effective R&D framework and the ESC welcomes the new proposal for a five-year programme for specific research and development. Comprising different areas of research, climatic change, technological innovation, economic and social aspects of environmental issues, and integrated research projects, the programme has to account for new developments and the growing urgency in commitment to environmental issues.

Although the ESC welcomes this programme that accounts for the recommendations made by the Committee when the STEP and EPOC programmes were introduced, it feels that objectives for priority action should be further defined, also stressing the need to ensure that the transition to the new programme should not allow for an overlap in research.

In view of the likely environmental impacts of the completion of the Internal Market, such as increases in energy consumption, problems of waste disposal, and increasing road traffic, the ESC produced an Own-initiative Opinion on Environmental Policy and the Single European Market. Following on from the Own-initiative Opinion on Environmental Policy, A Fundamental Aspect of Economic and Social Development, and the recent Task Force Report drawn up for the Commission, on the Environment and the Internal Market, the Additional ESC Opinion pays particular attention to the use of economic instruments to initiate structural change and ensure environmentally and socially sustainable growth.

The Task Force Report is broadly welcomed by the Committee, containing accurate analysis of the current and probable future situation regarding the environment, although it regrets that no plans for the individual problem sectors identified in the report were mentioned. The Opinion stresses that new environmental policy must ensure that economic growth does not invariably lead to an increase in environmental pollution, and that quality of life yardsticks should be developed in addition to economic measures of welfare.

To ensure that objectives can be met, the Committee feels that environmental policy instruments should be reviewed, in order to provide an appropriate mix of incentives, regulatory measures, state investment, and voluntary example-setting, to ensure the efficiency, effectiveness and social compatibility of environmental developments. The Opinion examines the case for a more flexible approach to the implementation of environmental standards for particular regional areas, and expressing concern over the issue of emission licences, the Committee advocates steps towards voluntary cooperation between authorities and individual undertakings.

Environmental levies and taxes are effective instruments in providing incentives for more environment-friendly behaviour on the part of consumers and manufacturers. The main forms of environmental levies are emission and waste levies, and these must be set at a level high enough to exert influence but not so high as to have a prohibitive effect.

The ESC considers that there should be a greater differentiation of existing taxes on environmental grounds, or the introduction of new special environment taxes. In achieving structural change in the environmental field, energy taxes are of major importance as a means of prompting the use of energy, and material-saving technologies, and the Committee proposes further introduction of levies on wastewater, certain types of packaging, fertilizers and chlorine. In this context the Opinion draws attention to the necessary implementation of parallel measures to ensure that economically weaker sections of the population are not placed at a disadvantage.

The Opinion also considers other instruments, such as obligatory deposit systems, the introduction of no fault liability for environmental damage, and the calculation of consumer charges on the basis of environmental yardsticks. Steps must be taken to ensure that EC measures are subject to environmental quality controls, and in light of recent experience, the Committee calls for an examination of the current basic treaty provisions. The ESC would particularly like to see the implementation of majority voting in the decisions taken under Article 130r et seq of the EEC Treaty concerning Community action on the environment, and a clearer definition of powers to act in the field of land planning. Although it is understood that advances in EC environmental policy are attributable to further-reaching initiatives taken on a national level, the Opinion stresses that the principle of subsidiarity must be weighed against the risk of distortions in the internal market.

The urban dimension is an essential element of environmental policy as it characterizes the living conditions of 70-80% of the European population. The Commission's Green Paper is therefore a welcomed and important first step for debate and reflection on this issue, providing analysis of the causes of urban decay, and proposing guidelines and possible instruments for Community action. Welcoming this stimulus for debate, the ESC provides an interim assessment in its Opinion on the Green Paper.

Rather than concentrating on specific types of environmental damage, the Green Paper is concerned with the horizontal aspects, and therefore the ESC proposes that the "urban environment" be further defined in order to facilitate assessment of the appropriateness of this approach. Furthermore, differentiation should be drawn between general and specific environmental measures, since urban areas will also benefit from the improvement of existing policies. The ESC also notes that the Green Paper is based on the situation as it was in 1989, whereas proposals for environmental policy should take account of the likely developments of the coming years.

Proposing many local solutions, the Green Paper says little of the European Dimension. Serious environmental problems such as waste, road traffic, and exhaust emissions necessitate stricter Community rules, and the ESC would like to see environmental policy requirements incorporated into other policy areas.

In terms of planning, however, the Committee strongly endorses the subsidiary principle, and also calls for suitable instruments to ensure greater public awareness. A lasting improvement of the urban environment requires not only reference to those people directly involved, but also measures to promote information and education.

To coordinate information, the ESC supports the proposal to set up a scientific/consultative institution for urban environment questions at Community level, and feels that a European Environment Fund is required to promote pilot projects, and to finance and co-finance solutions to problems illustrated in the Green Paper. The recent proposal to set up a financial instrument for the environment, which meets the needs expressed by the Committee and by the European Parliament, was therefore welcomed.

**OPINION
of the
Economic and Social Committee
on the
Proposal for a Council Decision adopting a specific research
and technological development programme in the field of the environment
(1990-1994)
(COM(90) 158 final - SYN 263)**

On 6 June 1990 the Council decided to consult the Economic and Social Committee under Article 130 q (2) of the Treaty establishing the European Economic Community, on the

*Proposal for a Council Decision adopting a specific research and technological development programme in the field of the environment (1990-1994)
(COM(90) 158 final - SYN 263).*

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 4 September 1990 (Rapporteur: Mr VERCELLINO).

At its 279th Plenary Session (meeting of 19 September 1990), the Economic and Social Committee adopted the following Opinion :

* * *

1. Introduction

- 1.1. The proposed five-year programme is part of the third R&D framework programme ⁽¹⁾ and will complement the STEP (environmental protection) and EPOCH (climatology and natural hazards) programmes which are running from 1989 to 1992, with budgets of ECU 75 million and ECU 40 million respectively.
- 1.2. The new programme, which restructures STEP and EPOCH and introduces new research lines, will have a much larger budget totalling ECU 414 million, of which ECU 154 million are to be spent on JRC activities and ECU 2.6 million on the centralized dissemination and exploitation of results. This will leave ECU 257.4 million for specific research projects.

2. General comments

- 2.1. The Committee has examined the draft programme closely and with great interest, evaluating its lay-out, research proposals and priorities in the light of:
 - the new developments and growing problems which have emerged in this field since the STEP and EPOCH programmes were formulated (the present programme is in effect an updated and more ambitious continuation of the two);
 - the conclusions, new commitments and time schedules drawn up at the second Conference on the Montreal Protocol held in London recently, and in anticipation of the forthcoming conference on global climatic change, to be held before the end of 1992;
 - the Community's growing commitment to environmental issues, demonstrated, for instance by its intention to set up a European Environmental Agency in the near future;
 - the impact of the single European market on the Community environment ⁽²⁾;
 - the alarming state of the environment in East European countries, according to initial reports.
- 2.2. Against this background the Committee rates the new programme very highly and fully supports its lines of research and objectives, subject to the following comments and suggestions.

⁽¹⁾ Council Decision of 23 April 1990, OJ L 117 of 8 May 1990.

⁽²⁾ See the Own-initiative Opinion currently being drawn up by the Committee on environmental policy and the single European market (CES 325/90 fin).

- 2.3. The Committee particularly welcomes the innovative use of applied research to ensure swift and effective preventive and remedial action which is rigorously programmed, but which does not underestimate or neglect national problems and measures or the concerns of economic and social interest groups.
- 2.4. The Committee also congratulates the Commission for taking full account of the standards and codes of practice which have evolved both in Europe (at the Bergen Conference, also attended by representatives of employers, unions, environmental NGOs, scientists and youth associations) and internationally (at the international conference in London):
- we can and must join forces to combat environmental problems;
 - international action on a much wider scale is needed to ensure that our common environment is not endangered;
 - lack of certainty is no excuse for lack of action: when scientists are not one hundred per cent certain, action should be taken on the basis of a responsible evaluation of the best data available;
 - the industrialized countries should assist developing countries in acquiring and implementing the technology needed to ensure that past mistakes do not recur;
 - a multilateral fund could be set up to finance the transfer of "human-friendly" technologies to the third world over the next three years.
- 2.5. Finally, the Committee endorses the rationale and lay-out of the programme because its objectives, structures and implementing instruments take on board virtually all the recommendations made by the Committee and the European Parliament when the STEP and EPOCH programmes were introduced.
- 2.6. In its Opinion on the two programmes ⁽³⁾, the Committee recommended that they be closely coordinated by means of a joint committee, deplored the meagre resources allocated and insisted that funding be increased under the next programme.

3. Main features of the new programme

- 3.1. The new programme is not just a rehash of previous programmes: it is innovative, covers much more ground and is much better funded; it provides for coordination at Community, European and international level; its research proposals are practical and geared to protecting the environment and improving the quality of life.
- 3.2. The Committee is pleased to note that the Commission has responded to the three requests it made in its above Opinion for:
- a significant increase in research and preventive measures to protect the environment;
 - greater Community participation in, and a swifter response to, international programmes and action on the environment, including the **Global Change** programme, designed to study the multiple changes in the environment and how they interact, and to take prompt action to bring these changes under control;
 - to strengthen the competitiveness of Community firms in the international marketplace.
- 3.3. The other major innovation welcomed by the Committee is the introduction of a new research area, namely the economic and social aspects of environmental issues. The Committee,

⁽³⁾ OJ No. C 139 of 5 June 1989.

which represents the Community's economic and social interest groups, has been asking the Commission to promote such research for quite some time.

- 3.4. In its Opinions on the STEP and EPOCH programmes and on the framework programme ⁽⁴⁾, (point 4), the Committee emphasized the need to incorporate social research not in the final stages of the programmes and in the evaluation, but from the very start, when drawing up individual programmes and assigning priorities to the various research topics.

4. Comments on the four main research areas

- 4.1. The Committee approves of the way in which the programme focusses on a series of highly relevant objectives for enhancing the quality of life, taking account of the various risk factors and introducing instruments for preventive and remedial action. The nature and trans-frontier impact of the greenhouse effect, rising sea-levels, desertification and the destruction of forests, particularly tropical forests, are issues of international public concern and require the closest possible coordination of the research undertaken by individual countries so as to concentrate resources and avoid duplication.

- 4.2. The Committee's main general criticism, which applies to all four research areas, but particularly to the fourth one (integrated research projects), is that the objectives for immediate or priority action are not defined in sufficient detail.

This is particularly the case as regards:

— health-related objectives and action in response to environmental and climatic change;

— research priorities (these topics should not be the exclusive domain of the fourth research area) with regard to chemicals which are either in use or which are to be substituted.

- 4.3. The Committee also notes that no provision is made for research (which is admittedly costly) into another vital area: possible increases in the incidence and spread of diseases and viruses as a result of sudden or prolonged environmental and climatic change, such as drought and the greenhouse effect.

The Committee therefore recommends drawing up a series of urgent objectives and allocating the necessary financial resources so that research can commence as soon as possible, starting with the worst-affected regions.

- 4.4. The **first research area**, "participation in global change programmes", incorporates elements from the STEP programme and the previous climatology programme. Its main research lines are: natural and man-made climatic change, climate change impacts, stratospheric ozone, tropospheric physics and chemistry, biogeochemical cycles and ecosystem dynamics.

- 4.5. The Commission correctly proposes allocating the highest proportion of funding (35-45%) to this research area on the grounds that research into the interaction between human activities and the natural environment is a top priority, and the Community can play an important international role here.

- 4.6. The aim of the **second research area**, "technologies and engineering for the future", is to stimulate technological innovation at pre-competitive level and provide a back-up for the activities of the future European Environmental Agency. Research should be properly targeted, with priority going to projects which develop new technologies making for a favourable environmental equilibrium.

⁽⁴⁾ OJ No. C 56 of 7 March 1990.

- 4.7. The second area includes a field previously covered by the STEP programme, "protection and conservation of the European cultural heritage", where the aim is to quantify the causes and mechanisms of deterioration of monuments and to develop new methods and programmes of condition assessment, treatment and restoration.
- 4.8. The second area (to receive between 20% and 25% of resources) is the most directly concerned with technological and industrial applications and the development of techniques for evaluating and monitoring the activities of the future European Environmental Agency. The provision for coordination with the EUREKA programme is therefore appropriate here.
- 4.9. The Committee has already endorsed the **third research area** ("economic and social aspects of environmental issues"), which is to receive 5-10% of resources.
- 4.10. The Committee would reiterate that the economic and social groups concerned should participate fully in deciding on specific lines of action and the ground to be covered, particularly at the stage when Community environment policy acquires economic and fiscal powers, in addition to regulatory ones.
- 4.11. Environment policy cannot be fully integrated without reference to issues which are prominent on today's agenda, such as how to incorporate environmental parameters into economic methodology, cost-risk-benefit analysis and the concept of "sustainable development". Research into procedures and methods of evaluating environmental impact is also essential, as this is a key component of environment-friendly development.
- 4.12. Whilst the transnational, interdisciplinary approach of the **fourth research area** ("integrated research projects") is to be welcomed, it has to be pointed out that it embraces, without any indication of priority or interface, a number of extremely important programmes which are already in progress, including the programmes on natural hazards, technological hazards and desertification in the Mediterranean area.
- 4.13. Research priorities need to be better defined and ranked, in the light of experience, particularly now that the Community is introducing environment instruments at regional level, such as ENVIREG and MEDSPA, which could put research findings to good use.
- 4.14. Consideration should be given to the possibility of including the two polar sub-programmes (drilling of deep ice cores and the arctic campaigns to measure the ozone layer) in the fourth research area, transferring their budget appropriations.

5. Detailed comments on coordination, procedures and financing

- 5.1. The Committee sees that the procedural and other arrangements laid down in the proposal have been inspired by the new organizational philosophy of the third framework programme and are basically the same for all the specific programmes in the various research areas. The Committee would refer back to the general comments in its Opinion on the framework programme, particularly as regards the danger of inefficiency and duplication in research as a result of new programmes overlapping with existing ones. The Commission must ensure that the transition phase is well-coordinated and that results are carefully evaluated.
- 5.2. As it has said on a number of occasions, the Committee would like to be involved in the evaluation of programme results and to be specifically referred to in Article 5 as one of the recipients of the report on results.
- 5.3. As regards the level of funding, the Committee notes that resources to be spent directly on the Joint Research Centre and on the centralized dissemination and exploitation of results must first be subtracted from the total amount available for research. The Committee has consistently stressed the importance of better access to and dissemination of

results, and wonders whether centralizing resources is the best way of achieving this: it might be better for the programme to earmark funds specifically to produce more detailed, update information. The "accompanying measures" set out in Annex III could perhaps be used for this purpose, but the exact amount would need to be specified. The same applies to training schemes, which are not allocated a separate heading.

- 5.4. With respect to the "exceptional procedures" introduced by the new framework programme in the light of experience in other countries, the Committee welcomes this element of elasticity, making the programme readily adaptable to new developments in research, but at the same time would point out that the new programme and its mechanisms must be used with extreme care and transparency, and require sound management and proper monitoring.

Done at Brussels, 19 September 1990.

The Chairman
of the
Economic and Social Committee

Alberto MASPRONE

The Secretary-General
of the
Economic and Social Committee

Jacques MOREAU

OPINION
of the Economic and Social Committee
Environmental Policy and the Single European Market

**(Additional Own-initiative Opinion on Environmental Policy,
a Fundamental Aspect of Economic and Social Development)**

On 30 January 1990 the Economic and Social Committee, acting under the third paragraph of Article 20 of the Rules of Procedure, decided to draw up an Additional Own-initiative Opinion on environmental policy and the single European market, as a follow-up to its Opinion on environmental policy, a fundamental aspect of economic and social development.

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the matter, adopted its Opinion on 4 September 1990. The Rapporteur was Mr BOISSEREE.

At its 279th Plenary Session (meeting of 19 September 1990) the Economic and Social Committee adopted the following Opinion by 77 votes to 14, with five abstentions.

* * *

A. EFFECTS OF THE SINGLE MARKET ON THE COMMUNITY ENVIRONMENT

1. Preliminary Comments

On 15 November 1989 the Economic and Social Committee adopted an Own-initiative Opinion on environmental policy, a fundamental aspect of economic and social development; the Rapporteur was Mr BERETTA ⁽¹⁾. This Opinion dealt with the interactions between economics and ecology and investigated specific problems arising from the incorporation of environmental policy into the policy on the single European market.

Independently of the work of the Economic and Social Committee, the EC Commission, on the basis of a decision reached at the Environment Ministers' Council meeting of 1/2 October 1988, set up a Task Force to ascertain the likely environmental effects of the completion of the internal market (from 1992 onwards). The Task Force Report is now available; it was presented to the ESC's Section for Protection of the Environment, Public Health and Consumer Affairs on 11 January 1990, with a commentary given by the Task Force chairman, Mr SCHNEIDER.

The aim of the Additional ESC Opinion is to outline, from the viewpoint of the economic and social interests represented in the Committee, the conflict between a longer-term, stronger environmental policy on the one hand and the expected results of completion of the single market on the other, and to suggest possible solutions. In particular, the use of market mechanisms and incentives to promote environment-friendly behaviour by consumers is considered. The Additional Opinion concentrates on these aspects, and does not deal with all the points covered in the comprehensive Task Force Report.

In view of the comprehensive approach adopted, the work of the Task Force can be compared with the Cecchini Report on the economic dimension of the single market. The Task Force Report must also be read in conjunction with the Commission's work on the following subjects: the environment and energy; the environment and transport; waste policy; and the Brundtland Report (the findings of the UN's World Commission on the Environment and Development).

2. Points from the "BERETTA report"

Five basic points were made and developed in the Own-Initiative Opinion for which Mr BERETTA was the Rapporteur:

(1) OJ No C 56 of 7 March 1990.

- integration of environmental policy with other EC policies, notably the policy on the internal market; here the "BERETTA report" links up with the ESC's Opinion on the Community's Fourth Action Programme for Environmental Protection ⁽²⁾;
- incorporation of environmental policy into the European Social Charter and participation by economic and social forces (including consumer and environmental organizations) in the implementation of "environmental policy in the single market";
- use of autonomous market guidance through the creation of production and consumer incentives to "environment-friendly" behaviour; the "BERETTA report" talks here of a necessary optimization process;
- creation of a European environment fund to carry out the environmental policy tasks which the Member States cannot manage alone;
- improvement of the Treaty basis for a European environmental policy in the single market, i.e. clarification of the relationship between Art. 100a and Arts. 130r ff. of the EEC Treaty, and introduction of a true majority-decision principle for environmental measures (cf. Art. 130s (2), EEC Treaty).

3. Points from the Task Force Report

- 3.1. The report on The Environment and the Internal Market (1992 and the Environment) drawn up for the Commission and hereinafter referred to as the "Task Force Report", has been submitted to the Commission for consideration; the Commission intends to submit its conclusions to the Council of Ministers.

Whatever the tenor of the Commission's conclusions and any Council decision, it appears correct to use the Task Force Report as a starting-point for the ESC's observations.

- 3.2. The Task Force Report contains the following points of relevance to the Own-Initiative Opinion:

- a) The importance of "quality of life" and the environment for the success of the single market.
- b) The point that the single market will bring with it deregulation and economic growth which will give rise to additional environmental problems unless major changes are made in the EC's environmental policy. The Task Force Report estimates that the completion of the single market will lead to:

- an 8-9% increase in SO₂ and NO_x emissions by 2010, an increase of 12-14% above the levels which would otherwise have been reached;
- an 30% to 50% increase in commercial vehicle traffic;
- a widening gap between the amount of waste generated and the capacity of refuse tips;
- an increase in the level of agricultural pollution;
- an increase in tourism which may further damage the environment unless it is structured in an environmentally compatible way.

The following observations made in the Task Force Report illustrate the reasons for the environmental problems posed by the single market:

⁽²⁾ See OJ No. C 180 of 8 July 1987, page 26.

- The expected increase in energy consumption will, given the current generating structures, lead to increased air pollution, a worsening of the greenhouse effect and an increase in the use of hazardous forms of technology unless appropriate compensatory measures are taken (the achievement of energy savings through more efficient energy generation and conversion, quantitative savings on the consumption side, and changes in the energy generating structure, e.g. increased use of renewable sources of energy).
 - The increased price competition faced by railways as a result of the liberalization of goods transport may well cause a swing to road transport (30-50% increase of the latter); this will bring about a dramatic increase in damage to the environment.
 - If the liberalization of waste disposal in the wake of the completion of the internal market is not accompanied by the introduction of adequate standards governing the disposal and avoidance of waste, this is bound to lead to the shuttling of refuse to countries which have the cheapest disposal facilities; the associated transport and transshipment will produce additional environmental hazards and undermine attempts to avoid waste.
 - The shift in price relationships associated with the single market threatens to stimulate environmentally harmful practices.
 - The locational changes resulting from market integration may have major environmental consequences, (e.g. risks posed by further concentration).
- c) Starting from this prognosis, the Task Force Report investigates the following questions:
- the conditions which need to be met if the linkage between economic growth and environmental degradation is to be broken;
 - the opportunities provided by the completion of the single market for the development and use of environment-friendly technologies and, consequently, for improved environmental protection;
 - the role in the new environmental strategy for "economic instruments of environmental policy" and the conclusions which may be drawn from this strategy in respect of the harmonization of the tax and levy systems in the EC which is currently in the pipeline;
 - the environmental policy strategies which will need to be developed in order to meet the challenges posed by the single market and at the same time coordinate efforts to resolve European and regional problems;
 - the possibilities for using the extended EC Structural Fund to promote environmental policy, or, at all events, to prevent the Fund being used to promote environmentally undesirable developments.
- d) Finally, the Task Force Report examines the importance of the underlying principles of European environment policy in the single market:
- the "polluter pays" principle;
 - the prevention principle;
 - the principle of subsidiarity;
 - the principle of cost-effectiveness.

4. Assessment of the Task Force Report

- 4.1. The Committee broadly welcomes the Task Force Report. The Report contains an accurate analysis of the current situation with regard to the environment and the probable future situation. It is abundantly clear from the Report that there is an urgent need to take action in the field of environmental policy in parallel with the moves towards the completion of the single market. The Report deserves to be used as one of the bases for EC environmental policy for the 1990s.
- 4.2. Correctly, the "polluter pays" principle is the focal point for the views on environmental policy expressed in the Report. The need for the polluter (manufacturer, carrier, consumer) to pay for damage to the environment is recognized. The Report confines itself to describing various market economy instruments of environmental policy. No concrete proposals are put forward as regards the action to be taken. The Committee has therefore also referred to the OECD Report on economic instruments for promoting environmental protection (Paris 1989).
- 4.3. The Committee also welcomes the fact that the Task Force Report gives priority to the incorporation of environmental protection measures in the production process, rather than post-production, damage-repair environmental protection measures (end-of-pipe technology). Unfortunately plans for the individual problem sectors (transport, energy, agriculture, the chemical industry, tourism) are still conspicuous by their absence. Such plans are all the more important in view of the fact that integrated environmental protection is not yet a feature of EC environmental policy which contains virtually no strategy for **avoiding** environmental pollution.

B. A NEW EUROPEAN ENVIRONMENTAL POLICY

5. Principles for a new EC environmental policy

- 5.1. The situation of environmental crisis facing Europe calls for structural changes geared towards the protection of the environment and new qualitative yardsticks, such as the economical, efficient use of limited resources. Priority in this context must be given to the goal of long-term environmentally and socially sustainable development ⁽³⁾, without sacrificing the tried and tested economic system of Western Europe.

In addition to gross national product, which has hitherto been used as the yardstick for welfare, quality-of-life yardsticks should be developed. The Committee recognizes the problems involved in quantifying the quality of the environment, especially in view of the problem of international comparability. A new EC environmental policy must, however, be evolved so as to ensure that economic growth does not invariably lead to an increase in environmental pollution, but is compatible with the reduction of such pollution (breaking the link between economic growth and damage to the environment).

- 5.2. The need for action is so great that all possible technical and organizational means of drastically reducing pollutant emissions must be employed. There is broad agreement among experts that the following target values can be attained by the stated deadlines:

There will have to be an 80-90% cut in levels of SO₂, NO_x and NH₃ and particles and dust if soil acidification and ozone formation are to be checked. If the greenhouse effect is to be combated, CO₂ emissions will have to be reduced by 30-40% by 2005 and by at least 50% within the next 40 years. Discharges into the aquatic environment of the 129 substances listed as particularly dangerous by the Commission will have to be halted. Measures must also be taken to prevent emissions of carcinogens. Finally, the amount of special category waste will have to be cut by 50% by the year 2000.

⁽³⁾ See the report of the "World Commission on the Environment and Development" for the UN General Assembly of 1987.

5.3. The new environmental policy should take account of the fact that environmental protection and economic development are not necessarily contradictory; common interests arise in many cases, particularly in the context of economic groups. The following examples may be quoted:

- the dependence of major economic factors (e.g. the need for good housing with recreation areas in the immediate vicinity) and sectors (e.g. tourism) on the preservation of attractive areas by means of an active EC environmental policy; it is not just the threat to human beings and nature which is important here but also other forms of nuisance which cause stress and reduce the attractiveness of regions;
- the relevance of a tougher, improved environmental policy to the development of advanced environmental technology in the Community, thereby providing improved trading opportunities for the Community on the world market (through the export of environment-friendly technology);
- the positive impact of a more stringent environmental policy on the labour market ⁽⁴⁾, at least in certain economic sectors.

5.4. If we are to maintain the basic living conditions and the living environment of the people of Europe in the next century, ambitious objectives will have to be set for environmental policy in the 1990s. To this end it will be necessary not only to ensure that the specific environmental quality objectives keep pace with ecological legislation and the latest technological developments, but also to undertake a thorough review of environmental policy instruments. A distinction has to be drawn between:

- a) regulatory provisions (standards in respect of emissions, manufacturing processes and products) which have hitherto been the main features of EC Directives and national legislation; this category also includes (i) the measures to be taken to prevent plant breakdowns and (ii) emergency measures in the event of industrial accidents and general disasters.
- b) economic instruments of environmental policy (i.e. the introduction of more flexible environmental protection standards and environmental levies, the assessment of taxes and consumer charges on the basis of environmental yardsticks, grants from public funds, civil liability for environmental damage and the introduction of recycling systems).

These economic instruments have yet to be introduced or officially proposed in the context of EC environmental policy (with the exception of the draft Directive on civil liability for damage caused by waste) ⁽⁵⁾ EC and non-EC States have limited experience in this field (see the above-mentioned OECD Report).

- c) environmental policy considerations playing a role in measures and other decisions taken by the public authorities such as:
 - decisions in respect of public-sector infrastructure projects at EC, national or local level (e.g. transport infrastructure projects),
 - setting of environmental policy priorities in public budgets (e.g. low fares to encourage the use of public transport for short journeys),
- d) other environmental policy instruments:
 - the promotion of environment-friendly production processes through plant-level reorganization and publicity campaigns;

⁽⁴⁾ Opinion of the Economic and Social Committee on the Environment and Employment (OJ No. C 319 of 30 November 1987).

⁽⁵⁾ OJ No. C 251 of 4 October 1989.

- the promotion of environment-friendly behaviour, for example through information and training and school and extra-curricular instruction;
 - the promotion of environmental protection by measures to strengthen environmental associations and all other organizations concerned with the environment and related issues.
- 5.5. In the single market, environment policy will continue to rely on a combination of traditional and new instruments. These instruments should be geared, in particular, to establishing sustainable, environmentally-compatible supply structures in the environmental problem sectors - energy, transport, agriculture, chemical industry. Efficiency, effectiveness and social compatibility can only be achieved by a mix of regulatory measures, state investment in infrastructure, market-economy incentives and voluntary example-setting action by consumers and industry. The right mixture will vary from economic sector to economic sector.
- a) In the single market there will be a need for tougher emission and product standards, and for dynamic up-to-date limits on emissions, particularly in cases where human beings and their environment have to be protected from serious hazards. This will mean not only the adaptation of limit values and standards to state-of-the-art technology, but also a review of the concepts underlying individual areas of Community environmental policy legislation (a radical overhaul of the EC's waste-management policy, with the accent being placed on avoiding waste, is for example one of the tasks which will have to be carried out). It will also be necessary to ensure tighter supervision by the authorities and at plant level of all sources of discharge and the effective control of all emissions and to draw up contingency plans for plant breakdowns, accidents and disasters; such events frequently cause serious environmental damage in the absence of emergency services. The Council of Ministers will have to take a decision on whether to delegate the adoption of technical environmental standards to boards of experts ⁽⁶⁾; environmental associations and the other organizations referred to in 5.4.d) should be adequately represented on such boards. In setting-up regulatory instruments of environmental policy, due account will have to be taken of spatial interdependence and the interdependency of the different media (particularly water, air and soil) to be protected; environmental pollution after all knows no frontiers. Eastern Europe in particular has an enormous amount of ground to catch up in environmental protection. Unless improvements in these countries receive vigorous support, even the stringent measures adopted in the Community may be less effective than anticipated.
 - b) The new economic instruments should also be used not only to make expenditure on environmental protection more economic, but also to mobilize reserves of efficiency in environmental policy.
 - c) The two methods could be combined by setting limit values and standards at a high minimum level and using incentives (economic instruments) to achieve aims (the reduction of "residual" pollution) which go beyond the minimum standards. In selecting environmental policy methods, the target should be to get the best returns from minimum expenditure in the shortest possible time. It has to be borne in mind, however, that in the case of economic instruments, too, a certain amount of administrative work is required at national or local authority level (e.g. emissions have to be monitored before emission taxes can be calculated). Self-regulation, as in the case of the self-regulation of markets, is not feasible in the field of environmental protection (notwithstanding the proposals made in point 6.3.).
 - d) In the comments set out below the Committee assesses only the new environmental policy instruments and in particular the economic instruments.

These instruments should be concentrated on the problem areas highlighted in the Task Force Report, in particular energy, transport, chemicals and agriculture.

⁽⁶⁾ See the Resolution of the Council of Ministers of 7 May 1985 entitled "A New Approach to Technical Harmonization and Standards" (OJ No. C 136 of 9 June 1985).

6. The introduction of more flexible environmental protection requirements

- 6.1. The use of economic instruments in the pursuit of environmental policy also includes the adoption of a more flexible approach with regard to the implementation of standards in particular regional areas. This would involve, e.g., measures to offset emissions. Under these provisions undertakings in defined areas would be able to form groups for the purposes of implementing environmental protection measures. Such groups could be established and authorized by the authorities on the grounds of regional and economic expediency, provided that overall regional environmental objectives were achieved. Such a step would enable the optimum cost-benefit ratio to be achieved. It is particularly desirable when it serves to promote integrated environmental protection (see point 4.3. above).
- 6.2. Mention is often made in this context of the introduction of emission licences which are available for purchase. The application of this scheme in the US has met with a varied response but assessments have been mostly critical, especially because of its very limited scope. Such provisions would, however, only be applicable as a back-up to regulatory economic measures and subject to the proviso that the emission limits involved were periodically reduced so as to enable a dynamic environmental policy to be pursued.

In view of its concern that the offer for sale of emission licences would serve to transfer responsibility for environmental policy (a form of privatization), the Committee rejected this system in its Opinion on the 4th environmental action programme.

- 6.3. A number of Member States have had favourable experiences with a system of voluntary agreements between the authorities and individual undertakings or whole sectors of industry or commerce with a view to meeting environmental requirements. The responsibility of the public authorities for environmental protection must of course not be undermined by these arrangements. By adopting such measures it is however often possible, by means of self-regulation, to implement environmental protection measures more effectively and to introduce regulations at an earlier date. Generally speaking, the EC should encourage such agreements.

A further example of such cooperation are installations operated jointly by businesses, such as installations for handling or recycling waste or manufacturing residues ("recycling agencies").

7. Environment levies and environment taxes

- 7.1. Environment levies and environment taxes (i.e. taxes assessed or differentiated on the basis of environmental criteria) differ from one another in that the revenue from environment levies does not form part of the general national budget but is used for separate purposes whereas the income generated by environment taxes is regarded as general taxation income, even though the level of the tax is determined by environmental criteria. There are also hybrid schemes combining environment taxes and environment levies, such as special taxes whose main purpose is to influence the behaviour of manufacturers and consumers.

Despite this distinction, environment levies and environment taxes are usually dealt with together as economic instruments of environmental policy. From a general point of view environment taxes have an advantage in that they require less additional administrative work because they are linked to the general taxation system. Environment levies, on the other hand, require a separate assessment and payment system.

- 7.2. The purpose of environment levies and taxes is to provide manufacturers and consumers with incentives to adopt environment-friendly manufacturing processes and patterns of consumption. This is achieved by means of an environmental price mechanism, whereby the costs to be met as a result of economic activity are attributed to those who bring about such costs (in accordance with the extended "polluter pays principle".) Environment levies and taxes must be pitched at a level which is high enough to make them bite and lead to changes in behaviour.

Environment taxes and levies require the introduction of parallel measures to ensure that economically weaker sections of the population are not placed at a disadvantage. Such measures are best implemented by promoting and extending the use of the environmentally-acceptable and relatively inexpensive alternatives to environmentally-damaging practices. It would be inappropriate to introduce such compensation measures on social grounds as they would serve to weaken the incentive effects of environment levies or taxes.

Environment taxes and levies cannot produce immediate effects; they have to be regarded as a long-term strategy, in particular because of the need to calculate investment decisions on a long-term basis.

Environment taxes and levies are no panacea. There are a large number of cases in which the behaviour of manufacturers and consumers can be more effectively influenced by prohibitions and other regulatory measures.

- 7.3. The main forms of environment levies are emission levies (in respect of water and air) ⁽⁷⁾ or waste levies (dumping levies). Calculation of the rate of the levies is a difficult issue. The levies must be set at a level high enough to exert an influence on the behaviour of manufacturers. The level must, however, not be so high as to constitute an effective ban on the process or product, concerned. The range of levies currently being charged is clearly illustrated by the considerable difference in the level of waste-water levies throughout the Community (for example, certain rates in the Netherlands are fifteen times higher than in the Federal Republic of Germany). At the same time, attention should be paid to regional differences when calculating the levies. A particular rate of levy will be less effective in some parts of the EC than in others.

If emission levies are to be genuinely effective their level should be determined by the marginal costs of anti-pollution measures occasioned by emission levels in excess of the limit values. These emission levies should therefore be designed as levies on pollution caused by residues and should provide incentives to improve the state of the art.

Emission levies will only be meaningful if all environmental media are treated in the same way so as to avoid the transfer of pollution from expensive to "cheap" environmental media.

As regards environment levies, EC framework directives or recommendations should be issued which take into account experience gained in EC Member States and non-EC countries and leave sufficient room for manoeuvre to take account of regional differences. Such EC instruments should set out principles for the purposes of:

- determining the extent of the levy, which should be linked to emission standards (levy on pollution caused by residues),
- ensuring that, once the purpose of the levy has been achieved (reduction in emission levels), the levy is cancelled and not converted into a revenue tax,
- providing for the use of sums generated by such levies to finance environmental investment, particularly local-authority schemes, environmental protection in the Third World and tax-relief in respect of environmentally-acceptable forms of production or consumption.

- 7.4. A more important Community issue in the Committee's view is the differentiation of existing taxes on environmental grounds, (e.g. the taxes on petroleum and gas) or the introduction of new special environment taxes (e.g. a tax on packaging). There is a need for EC harmonization of these taxes in connection with the general harmonization of excise duties and turnover taxes.

⁽⁷⁾ Sweden is planning measures including an SO₂ emission tax based on the marginal costs of avoiding such emissions; in order to comply with Swedish clean-air provisions the costs would be 4,600 ECU/t.

harmonization of these taxes in connection with the general harmonization of excise duties and turnover taxes.

A priority issue for the Committee is the introduction of greater differentiation on environmental grounds in the case of taxes on energy. As part of a strategy to achieve structural change in the environmental field, energy taxes are of major importance as a means of promoting the use and earlier marketing of energy- and material-saving technologies. Energy taxes should provide incentives for increased efficiency in energy conversion and consumption and incentives to ensure that decisions with regard to increasing efficiency rather than expanding capacity are part of a rational environmentally desirable process.

Assessment on environmental grounds should be considered first of all in the case of taxes on petroleum. Such taxes would provide incentives for the development of alternative products and alternative patterns of consumption (e.g. with regard to transport). Consideration should also be given to the possible taxation of other fossil fuels. Here too, however, attention must be paid to the considerable regional differences if the tax is to be pitched at the right level. Taxes on electricity consumption (irrespective of the primary energy source used) should be regarded only as a complementary measure with a view to achieving improved efficiency in the use of electricity, thereby helping to save energy.

In the context of the Commission's current examination of tax harmonization, the Committee would point out that:

- the Commission is considering levying a reduced rate of VAT on energy products (e.g. heating fuels); there are environmental objections to such a plan, as a reduced rate of taxation would undermine endeavours to bring about improved efficiency. Bringing down energy consumption by means of insulation will turn out to be cheaper than paying a reduced rate of tax.
- the taxes on petroleum should take account of the highest rates currently set in the EC so as to give the individual Member States the greatest possible scope for levying "green" taxes on petroleum and the additional tax revenue should be earmarked for environmental protection.
- when harmonizing petroleum taxes, steps should be taken to ensure that taxes on diesel oil are increased at least to the same extent as those on petroleum in view of the fact that diesel-powered vehicles are in no way less damaging to the environment than petrol-engined vehicles, particularly if they are not fitted with catalytic converters.
- it is frequently proposed that motor-vehicle taxes, in those Member States where they exist, be replaced by an increased rate of tax on petroleum so as to enable motor-vehicle users to have a realistic understanding of the actual cost of the journeys they make. The Committee would, however, point out that this would preclude the differentiation of motor-vehicle taxes on environmental grounds, which has proved successful in some Member States.

7.5. In the light of the foregoing, the ESC recommends that consideration be given to the possibility of introducing the following environmental taxes and levies:

- energy taxes (see point 7.4., third paragraph),
- taxes on discharges of SO₂, NO_x and dust into the atmosphere,
- waste-water levies, in accordance with the degree of pollution,
- levies on certain types of packaging and on dangerous waste,
- levies on artificial (industrially produced) fertilizers (nitrogen and phosphate levies) in the context of an environmentally-orientated revamping of European agricultural policy,

- a chlorine tax, as an incentive for the development of substitutes for chlorinated hydrocarbons.

8. Further economic instruments of environmental policy

- a) These instruments include obligations on producers or dealers to take back packaging that is no longer required. This can be facilitated by a deposit system. From the environmental standpoint, it is essential that such deposit return systems be made compulsory if the dramatically worsening problems associated with disposal are to be solved. The aim must be to:

- dispense with superfluous packaging,
- influence the nature and volume of packaging materials with a view to reducing disposal problems,
- intensify waste recycling,
- promote alternative products.

In environmental discussions, proposals have been put forward for the introduction of an obligation to take back even long-life goods (such as motor vehicles), in order to promote the development of more easily disposable products.

Whilst the ESC is aware of the organizational problems which the obligation to take back products can create for small and medium-sized businesses, it feels that these can be solved on the basis of cooperation between the latter and industry and, where necessary, with the support of the public authorities.

- b) A further example of an economic instrument of environmental policy is the introduction of no-fault liability for environmental damage, irrespective of responsibility; this would ensure that special care is taken with potentially harmful activities, with consequent benefits for the environment.

In this connection, reference should be made to the Committee's Opinion on the Proposal for a Council Directive on civil liability for damage caused by waste and, in particular, to the call for a compensation fund for unattributable damage (e.g. long-established dumps) and damage for which responsibility cannot be assigned. Precautionary measures by the polluter groups concerned can reduce the compulsory contribution to such a fund, thereby reinforcing the "polluter pays" principle ⁽⁸⁾.

- c) There are objections under competition law to the provision of State aid for the rehabilitation of potentially harmful manufacturing processes. The provision of assistance or tax relief for having simply complied with this general requirement is objectionable in that it conflicts with the "polluter pays" principle; such objections could however be ignored when technological conditions in less-developed regions or acknowledged problem areas are to be adopted (see ESC Opinion on the Draft Commission Decision on a programme of regional actions designed to contribute to the protection of the environment and to promote socio-economic development) ⁽⁹⁾.

⁽⁸⁾ OJ No. C 112 of 7 May 1990.

⁽⁹⁾ OJ No. C 112 of 7 May 1990, page 28 - ENVIREG.

- d) consumer charges (for water and electricity) should be calculated on the basis of environmental yardsticks (e.g. amending energy tariffs so that increased consumption is charged at higher rather than lower rates (see the Committee's Opinion on the Fourth Action Programme) ⁽¹⁰⁾.

9. Back-up measures

- 9.1. Environment policy instruments based on levies and prices are inadequate where problems result from, or can be resolved by, State action (e.g. on infrastructures), or in the case of monopolies, which do not respond flexibly to price signals; centralism at company and national level can represent a fundamental obstacle to the decision-making flexibility which economic instruments of environmental policy are designed to ensure.
- 9.2. Land-use and planning decisions by Member States and local authorities have a special role to play in the influencing of environmental policy through public-sector infrastructure measures. Such decisions point the way to future transport infrastructure projects. The EC has so far had no direct influence in this matter. It is only through EC programmes, in particular the Regional Fund, and, to some extent, competition policy, that an influence can be brought to bear on decisions taken by the public authorities in the environmental field.

The balance between environment policy and internal market policy called for in the Task Force Report can be achieved only if EC measures are subjected to environmental quality controls (evaluation of the environmental compatibility of EC programmes and laws: cf. ESC Opinion on the Fourth Action Programme) ⁽¹¹⁾; only in that way can integration of environment strategy in the other policy areas be guaranteed. This will involve, for example, the promotion of public, and in particular rail-borne transport as well as inland shipping on existing waterways. It will also necessitate the amendment of the rules governing Community aid and European Investment Bank loans to certain economic sectors so as to promote environmentally acceptable behaviour rather than harmful manufacturing processes. The Environment Agency now being set up should play a major part in the evaluation of all Community policies from the environmental standpoint.

This incorporation of environmental policy considerations into EC regional policy should extend as far as enabling the Community to refrain from providing aid for regional infrastructure in Member States (on a percentage basis) in cases where no environmentally compatible projects are submitted for aid.

Consideration should also be given to determining whether an EC land-use policy will not require Community framework directives dealing with environmentally-compatible land-use planning, particularly in cross-frontier regions, and whether provision should not be made for Community intervention only of course after amendments have been made to the EC Treaties - in individual cases relating to supra-regional issues.

Such framework directives should be limited to land-use planning procedures, which lay down minimum environmental criteria. Community responsibility for land-use policy should strengthen local consideration of the environmental dimension and not conflict with the principle of subsidiarity.

⁽¹⁰⁾ See OJ no. C 180 of 8 July 1987, page 29. It is stated in point 2.1.3.5. of the Committee's Opinion that: "With regard to the coordination of environmental policy and energy policy, the Committee highlights the urgency of the measures to improve the efficiency of energy conversion and energy use. Improved efficiency is essential here if environmental protection and resource-conservation are to be compatible with maintenance of living standards. Measures to secure an economically sound and environmentally acceptable combination of heat and power production in electricity generation should be promoted. Concessionary tariffs for increased consumption of power, heat, water, etc., should be discontinued. The Commission should draw up draft models for a tariff structure geared to the environmental requirements of the Community. This does not of course mean that the Committee wants to see tariffs for major consumers abolished."

⁽¹¹⁾ OJ No. C 180 of 8 July 1987, page 26.

9.3. If the objective stated in the Task Force Report is to be attained, it will be essential to:

- assist businesses and public bodies which are obliged to undergo a thorough overhaul to meet environmental demands but which lack the necessary funds, in the context of the Community's different support schemes, particularly ENVIREG;
- increase Community funding for the promotion of R&D in environmental technology, environmental management and technology transfer; such a concentration of R&D resources would be commensurate with the integration of environmental and research policy;⁽¹²⁾
- improve the provision of information on the use of new technologies and "clean" products and other measures to promote environmental awareness and environmentally acceptable products;
- promote general environmental awareness among the population, particularly through advice and information on environmentally- acceptable behaviour and products (involving, for example, labelling and the granting of bonuses); when decisions are being taken at EC level with regard to authorization to use "environmental marking" (or the introduction of environmental labels), environmental compatibility should be assessed not only on the basis of the use of the product in question and the arrangements for disposing of used products but also on the basis of the effects on the environment of the manufacture, marketing, etc., of the product;
- strengthen the role of environmental associations and other organizations with an interest in environmental policy; for this purpose, these associations must have access to environmental information (e.g. records) from official sources including the Community⁽¹³⁾;
- improve awareness of environmental policy achievements and shortcomings through the presentation of company and local environmental audits by businesses and public bodies and annual environmental reports; promote the establishment of voluntary funds which can offer private loans for environmental investment projects;
- strengthen the role of employees and their representative organizations in in-house environmental management. This will necessitate the instruction and further training of staff and the appointment both of environmental officers from among the workforce and committees responsible for promoting environmental awareness within the company. These environmental officers and committees must be in a position to make assessments - which may involve the use of cost-benefit analyses - of the in-house measures carried out, to monitor the observance of environmental protection regulations and to bring about changes in in-house environmental management.

10. Towards the achievement of a "European Environmental Community"

- 10.1. The aim of the new environmental policy in the Community must be to bring about, particularly in view of the impending introduction of the single market, a switch-over to "sustainable development". The Committee therefore calls on the Commission to take account of the above-mentioned new environmental-policy principles in preparing a "Fifth Action Programme for Environmental Protection".
- 10.2. If such a step sets the EC on the road towards establishing an "environmental Community" it will be necessary to examine the current basic treaty provisions to see whether they provide enough scope for such a development.

⁽¹²⁾ See ESC Opinion on the "Specific Programme of Research and Technological Development in the Field of the Environment (CES 1054/90)

⁽¹³⁾ See ESC Opinion on the Council Directive on freedom of access to information on the environment (OJ No. C 139/89, page 47).

In the light of the experience gained in recent years, and despite the clear progress recorded since the Single European Act came into force, the Committee would draw attention to the following problems:

- a) there is a need to clarify the relation between Article 100 a and Article 130 r et seq. of the EEC Treaty (cf also the BERETTA Report);
 - b) in the case of decisions taken under Article 130r et seq of the EEC Treaty majority voting should be introduced; the need for a preliminary unanimous decision by the Council of Ministers, as currently required, should be abolished. The current procedure has hardly been used; in many cases environmental policy measures have been adopted on the basis of Article 100 a. The Council is already in a position to open the way to majority decisions with regard to concrete issues by using the provisions of Article 130s. A clear provision to this effect would however be more advantageous. The procedure for cooperation between the Commission and Parliament could also promote this environmental policy.
 - c) consideration should be given to empowering the EEC to act in the field of land-use planning (see point 9.2. above);
 - d) subsidiarity will play a role in environment policy in the single market. Whether or not priority is given to the centralization or decentralization of power will have to be decided from case to case, in the light of the different situations in different parts of the Community. Article 130 r (4) of the EEC Treaty basically calls for application of the principle of subsidiarity when measures are taken at Community level. Experience shows that advances in the Community's environmental policy are very frequently attributable to the fact that further-reaching initiatives have been taken at national level. Of course the principle of subsidiarity has to be weighed against the risk of distortions of competition in the internal market (cf. Article 100 a (4) of the EEC Treaty)⁽¹⁴⁾. In order to avoid complicated disputes involving the Member States, the Commission and also the Council of Ministers, there is a need for this issue to be more clearly defined in the Treaty itself, taking into account regional and inter-regional priorities. The Committee put forward a number of proposals on this matter in its Opinion on the Fourth Action Programme (points 1.4. and 2.1.1.5. of the Opinion of 13 May 1987 - CES 482/87);
 - e) The integration of environmental policy with other areas of Community policy should lead to improved coordination within the Commission;
 - f) As the Committee has already had occasion to suggest ⁽¹⁵⁾, in certain emergency situations and with regard to specific environmental matters, the Community should use Regulations rather than Directives.
- 10.3. The Committee calls for the points raised above to be taken into consideration in the negotiations currently getting underway with regard to a further revision of the Treaty.

Done at Brussels, 19 September 1990.

The Chairman
of the Economic and
Social Committee

Alberto MASPRONE

The Secretary-General
of the Economic and
Social Committee

Jacques MOREAU

⁽¹⁴⁾ In this connection it is interesting to note that the European Court of Justice gave preference to protection of the environment over the dismantling of trade barriers in the ruling on the "bottle deposit and return system", case 302/86 - Judgement of 20 August 1988.

⁽¹⁵⁾ CES 828/90

**OPINION
of the
Economic and Social Committee
on the**

**Green Paper on the Urban Environment
(COM(90) 218 final)**

On 17 July 1990, the Commission decided to consult the Economic and Social Committee, under Article 198 of the EC Treaty, on the:

*Green Paper on the Urban Environment
(COM(90) 218 final).*

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, appointed Mr BOISSEREE as Rapporteur. It adopted the Opinion on 4 June 1991.

At its 288th Plenary Session (meeting of 3 July 1991) the Economic and Social Committee adopted the following Opinion unanimously:

1. Preliminary comments: content and significance of the Green Paper

- 1.1. After involving experts and taking into account specialized conferences in various European cities, the Commission issued on 6 July 1990 a "Green Paper on the Urban Environment" as a Communication to the Council and Parliament. In accordance with Article 198 of the EEC Treaty, the Commission requested the Opinion of the ESC.
- 1.2. The Green Paper contains a presentation of the problems affecting the urban environment and a comprehensive analysis of the causes of urban decay. In a second chapter the targets and guidelines for urban environmental improvement are formulated. Possible instruments for Community action are presented, and the following areas for action at Community level are listed:
 - urban planning;
 - urban transport;
 - protection and enhancement of the historical heritage of European towns;
 - protection and enhancement of the natural areas within towns;
 - water management;
 - urban industry;
 - urban energy management;
 - management of urban waste;
 - comparative information on the state of the urban environment;
 - initiatives in the information field;
 - social initiatives;
 - inter-regional cooperation.

In these fields, lines of action are suggested for the Community: these are not to be regarded as plans for implementation, but as examples of possible or necessary measures. Recognizing the limited remit of the Community in this field, the Commission produces recommendations, promotion measures, etc., which for the most part are aimed at towns.

- 1.2.1. The Commission regards the Green Paper as a stimulus for discussion. In addition to obtaining the views of the European Parliament and the ESC, the Green Paper is to be widely distributed in as many European municipalities as possible in order to base discussion on day-to-day practice in towns. The Council of Ministers is to take a decision on possible lines of action, drawing on the results of national conferences which have been or will be held on the subject of the Green Paper.

2. Assessment of the project

2.1. General evaluation

- 2.1.1. The Commission first announced in its Fourth Action Programme for Environmental Protection that it would give particular attention to the environmental problems of urban areas. The ESC welcomed this announcement in its Opinion on the action programme ⁽¹⁾.
- 2.1.2. The problems of the urban environment addressed in the Green Paper - consequences of high population densities, urban development and traffic, social imbalance and decline of cultural values - are a complex phenomenon.

On the one hand, there are specific environmental questions: towns are particularly energy-intensive, and they also contribute to regional and global problems (CO₂ emissions and global warming). On the other hand, there are a number of general subjects on which the ESC has commented separately or is at present preparing an Opinion (e.g. on the "new poverty", "Europe 2000", immigration, and Community programmes on transport, energy and regional policy).

- 2.1.3. 70-80% of the Community population live in towns or conurbations. About 50% of these live in medium-sized towns. Not enough attention has been paid so far in the European Community's environmental policy to the urbanization of Europe. It is therefore to be welcomed that the Commission is now implementing its announcement by issuing the Green Paper.
- 2.1.4. In the Green Paper and the preceding expert opinions a wealth of empirical data has been collected: on the basis of practical examples from European towns, the bases of solutions have been documented and put forward for discussion. This documentation in itself is of great value.
- 2.1.5. Although the list of the presentation of the problems and their analysis are interesting and comprehensive the list of measures needed at Community and national levels is incomplete. However, the Green Paper is merely intended to serve as a stimulus to an open debate on the situation of European towns. Hence this ESC Opinion, too, can only be an interim assessment. The ESC is very interested in participating in further discussion, which should involve the social and economic organizations concerned with these problems. It would be good if the ESC could also find a valid representative organization for the interests of towns and municipalities at European level; perhaps the body representing those interests could be developed into a forum for this exchange of views.

2.2. Special environmental problems of towns

- 2.2.1. The Green Paper deals with urban environment problems not by specific types of environmental damage but horizontally, and justifies this by the multiplicity of interactions between the specific types of urban environment.

The Commission assumes that the "urban environment" complex should be dealt with uniformly since the concentration of population, industry, transport, etc., characteristic of towns (and conurbations) results in a disproportionate increase in environmental problems, but, on the other hand, also offers opportunities for economically, socially and culturally sensible solutions.

- 2.2.2. The appropriateness of this approach is difficult to assess, since the Commission has not given a definition of the "urban environment" problem area. In the ESC's view it is not possible to convert the Green Paper's approach into practical environmental policy without a

(1) OJ C 328 of 7 December 1987.

clear definition. The ESC assumes that not only towns in the legal sense are meant, but also residential conurbations which have problems similar to those of towns; these conurbations also include the "development corridors" which have built up around new industrial activities. The repercussions of urban problems on the hinterland should also be considered.

2.2.3. It may be advisable to subdivide into:

- metropolitan areas,
- medium to large towns,
- other urban concentrations,

since environmental problems, as dealt with in the Green Paper, vary from one of these categories to another.

As an example of such differentiation, the ESC would draw attention to the Directive on municipal water and sewage plant ⁽²⁾.

2.2.4. A further difficulty lies in the question of whether the symptoms described in the Green Paper are really attributable to a uniform set of problems in all Member States and regions. The Green Paper contains a wide range of relevant examples. From these and from the Committee's own findings it emerges that:

- in large and constantly expanding parts of towns, especially on the outskirts, the same or similar problems characteristic of the "urban environment" complex are found;
- the varying outward symptoms in the **centres** of European towns do not prevent the identification of a uniform set of problems;
- the investigation begun with the Green Paper should be continued.

2.2.5. Finally, it is particularly important to differentiate between **general** environmental policy measures and **specific** measures for towns and similar areas. In the ESC's view measures to deal with urban environmental problems cannot be an alternative to the continuation and improvement of the Community's general environmental measures. Indeed the improvement and intensification of this general environmental protection will benefit the cities as well. Conversely, the situation of the town must lead to an intensification and acceleration of European environmental protection.

2.3. Assessment of the analysis in the Green Paper

2.3.1. The presentation here of urban environmental problems and their causes may be to the point, but is in no way complete.

2.3.2. The Green Paper describes the situation as it was in 1989. It does not take account of the likely development in the coming years, which is predicted to entail a serious degradation of the environment; this applies particularly to:

- the effects of the European Internal Market (see the 1989 Report of the EC Commission Task Force and the ESC Own-initiative Opinion of 19 September 1990 ⁽³⁾);
- the likely further concentration of population in certain large urban regions (see the ESC Opinion on the FAST Programme ⁽⁴⁾);

⁽²⁾ ESC Opinion: OJ C 168 of 10 July 1990.

⁽³⁾ OJ No. C 332 of 31 December 1990.

⁽⁴⁾ OJ No. C 80 of 28 March 1988.

— the regional shifts connected with structural change in industry.

The Green Paper makes no assessment of **positive developments** in many towns ⁽⁵⁾.

2.3.3. The completeness of Commission's analysis cannot be assessed in detail in this Opinion. All the ESC can do is pick out **examples** of important subjects which, in its view, the Green Paper does not treat with the necessary thoroughness (complementary analyses and proposals for improvements may be drawn from the OECD Study "Environmental Policies for Cities in the 1990s" - Paris, 1990).

2.3.4. The following subjects are listed without any indication of priority; the ESC reserves the right to express a view on the priority to be given to the various measures and decisions in a later additional Opinion after further discussion prompted by the Green Paper.

- a) The spatial separation or combination of residential areas and places of work is regarded as the most important problem of urban structure and development. It has a decisive influence on traffic problems. The points made in the Green Paper are endorsed; in any case they are already the basis of town planning in Europe. The Commission's criticism of planning concepts of the past ("Athens Charter") can however play an important part in the rehabilitation and revitalizing of older urban areas (e.g. development of derelict industrial sites, establishment of small and medium-sized firms). Attention must also be paid in future to leaving the necessary distance between polluting industries and residential areas.
- b) The relationship between town centres and outskirts is important; here too there should be more intermixing (residential population in the inner city and an increase in retail, service, cultural, sport and recreational facilities in the outskirts).
- c) Differentiated allocation of public spaces (green areas, transport, services) and greater care taken in urban architecture and conservation of historic areas are decisive for the attitude of citizens to the urban environment (urban identity).
- d) In many parts of Europe there must be efforts to prevent patchy, extensive settlement in the open spaces between cities and the surrounding area; development axes for concentrated settlement must take account of available local public transport, and particularly rail transport.
- e) Noise pollution and its significance for the health of the urban population must receive more attention in town planning, and particularly in transport planning and management. Protection against noise can be assisted by the building of protective walls and embankments along traffic axes, maintaining proper distances between these axes and residential areas, and using underground links (this is also sensible in terms of the cost/benefit ratio).
- f) A major problem in cities and conurbations is the lack - or loss - of social cohesion (rapid growth of towns, concentration of immigrants from other countries and those moving in from the surrounding countryside); a planned programme of residential building measures is required, along with measures to make up for shortcomings in training and further training, not least to make it possible to establish the necessary political and economic priorities.
- g) It is often recognized that urban environment problems are a result of the "enforcement gap" in public administrations. This includes:
 - the lack of urban building plans and provisions capable of preventing chaotic development;

⁽⁵⁾ e.g. Montpellier, to mention only one example among many.

- the failure to supervise compliance with building and planning provisions, so that illegal developments occur in urban areas.

The distribution of decision-making powers at the various levels (local, regional, or central) is therefore of special importance. Optimization of the allocation of powers should strive for autonomy, closeness to the problems and interdependence of town and hinterland. Where the local population has been able to participate in the planning process, this has made for environmentally compatible urban development.

3. Implementation of the Green Paper in terms of practical environmental policy

3.1. Framework for Community action

A positive assessment of measures to improve the urban environment does not automatically mean that these measures are suitable for Community action. The Commission gives an inconclusive answer to the question of which action programmes (e.g. European legislation, financing programmes) can be derived from the conclusions of the Green Paper. The debate so far has shown that some lines of action appear to be entirely acceptable while others are thought to be very controversial.

3.2. Consideration of the urban situation in the context of European environmental policy

- 3.2.1. The Green Paper does indeed deal with many local solutions, but does not have so much to say about the European dimension, e.g. the necessary adaptation of European environment law and environmental policy to the problems of towns and conurbations. An improvement and intensification of Community environment protection in general would assist the solution of urban environment problems. Environmental protection standards are incomplete (e.g. air quality limit values only for SO₂, NO₂, lead, dust and other particle emissions) and do not always correspond to the latest scientific findings (e.g. to WHO Directives).
- 3.2.2. But this also means that in general stricter requirements must be allowed for conurbations than elsewhere (example: measures for industry and transport in the event of local or regional smog risk). All environmental provisions should - in accordance with Art. 130t of the EEC Treaty - include a proviso on such rules for local conurbations. Such a deviation from the principle of uniformity can be necessary.
- 3.2.3. The particularly urgent tasks in conurbations include that of solving waste problems. The stricter Community rules in preparation will help to solve these problems. In the ESC's view it must be possible for cities to prescribe local solutions. Out of consideration for the cities the Community must do everything it can to avoid the creation of waste (especially the growing mass of waste packaging), reduce it considerably, or collect it in such a way as to permit recycling. The legal framework must be such that municipalities can cope with waste problems, partly by using "economic models" (e.g. waste disposal by private sector firms). This also applies to questions of liability and the provision of funds for the removal of so-called "old waste"; the presence of such waste often makes it impossible to redevelop derelict industrial sites.
- 3.2.4. The Commission rightly states that a large proportion of urban environment problems are caused by road traffic. The aim of measures must be not merely to reroute environmentally damaging road traffic, but to reduce it; the traffic aspect of environmental policy must therefore aim to promote the development and acceptance of local public transport.

It would be logical to concentrate the Community's environmental policy more on the following problems:

- faster adaptation of provisions on motor vehicle exhausts and noise (including that of lorries) to the latest technology, and provisions on vehicle equipment, e.g. catalytic converters;

- intensified and accelerated support for the development of "environment-friendly" vehicles (including electric cars);
- promotion of work on parking and traffic guidance systems to achieve environmental optimization of traffic management (taking account of the exchange of relevant experience between national administrations, towns, regions, environmental associations and industry - an exchange which should be promoted on a European scale);
- in addition, more should be done to induce the Member States to improve the supervision and implementation of existing environmental protection measures, particularly those on the limitation of vehicle exhaust gases.

3.3. Integration of environmental policy in other policy fields

- 3.3.1. There is general agreement that urban environmental problems can be best alleviated at European level by incorporating environmental policy requirements into other policy fields of the Community and coordinating them at an early stage (Article 130r(2) of the EEC Treaty). European measures should be made subject to an "urban compatibility" audit.
- 3.3.2. Examples of Community policies of considerable importance for the development and rehabilitation of towns and conurbations:
- European transport policy: inter-urban transport infrastructures influence inner-city priorities (cf. Commission Communication on Environment and Transport);
 - regional policy: EC programmes and development projects should entail an assessment of their environmental impact;
 - energy policy: the expected concentration in the energy sector stands in the way of "environment-friendly" decentralized solutions (e.g. district heating by combined power plants) and of adapting energy production capacity to people's needs (cf. Commission Communication on Environment and Energy);
 - research and technology policy: the development of alternative (renewable) energy sources, which are also important for environmental protection in towns, is impossible without an intensified promotion effort.

There are similar ramifications in social policy and cultural policy fields.

- 3.3.3. The effects of the **European Internal Market** (1992/93) will be particularly important for the urban environment:
- a) The Internal Market (frontier-free Europe) will give rise to activities which will also benefit urban, social and economic development.
 - b) On the other hand, the Internal Market may lead to a further worsening of urban traffic problems, for example, bringing greater freedom of movement in transport (cf. the ESC's own-initiative Opinion on environmental policy and the Single European Market ⁽⁶⁾ and the Task Force Report on The environment and the internal market - 1992: The environmental dimension). In the lines of action suggested in the Green Paper, the ESC finds no attempt to convert findings into internal market measures; yet this is how a town-related environmental policy should immediately begin!

⁽⁶⁾ OJ No. C 332 of 31 December 1990

3.4. Urban planning and design

- 3.4.1. Urban environment problems are partly due to wrong decisions and shortcomings of urban planning (construction, settlement and infrastructure planning) and regional planning. Under the EEC Treaty town planning and regional planning are outside the remit of the Community bodies. In the Member States they fall within the tasks of the local authorities (municipalities, cities, districts, etc.), which are more or less autonomous in the physical planning of the local or regional environment.

Even where intervention at Community level would be possible for environmental protection purposes, the ESC feels that care should be taken to check whether the **subsidiarity principle** (Art. 130r of the EEC Treaty) does not rather require the allocation of these tasks to the national and local authorities, especially since the solution of complex urban environment problems requires integrated plans which are only possible at the local or regional level.

In view of this the ESC agrees with the Commission's statement that it does not intend to propose legal instruments on urban or regional planning at the Community level, even for purposes which might be environmentally desirable. The ESC would however, like to see ideas on an environment-orientated "urban policy" developed at Community level, and regional associations promoted to coordinate such a policy on a cross-frontier basis.

- 3.4.2. In the ESC's view the EC Directives on environmental compatibility assessment ⁽⁷⁾ should be extended to municipal planning, building and infrastructure projects; this is already done in some Member States.

Moreover, the ESC's point (in its own-initiative Opinion on environmental policy and the Single European Market ⁽⁸⁾ - point 9.2.) is reiterated - that a revision of the EEC Treaty should give the Community additional framework powers for environmentally orientated town and country planning in cases of European importance, or of urban areas which straddle frontiers.

- 3.4.3. The Commission includes the risks to the "historical heritage of European cities" among urban environment problems and proposes activities to protect monuments and the unity of blocks, streets etc. This approach has been criticized in experts' discussions on the Green Paper. The ESC wonders whether the Community's terms of reference on environmental protection include this subject, especially since there are cultural and scientific (e.g. archaeological) implications. Certainly, the Green Paper's intention is not to develop legislative activities at the Community level for protection of monuments and whole blocks or streets. In any case, environmental protection requirements must take account of the vulnerability and intrinsic value of ancient monuments and similar objects. This means intensifying environmental protection with regard to the historical heritage of European cities.

But apart from all this, the ESC feels that consideration should be given to placing objects of European cultural significance under the special protection of the Community and to contributing financially towards their upkeep, as expressly provided for recently in the LIFE Programme ⁽⁹⁾.

4. Further ESC proposals for implementing the Green Paper

- 4.1. The ESC supports the setting-up of a scientific/consultative institution for urban environment questions at Community level (such as the plan, put forward at national conferences on the Green Paper, for a European academy for urban environment questions). The Community should at least share the costs, in order

⁽⁷⁾ Directive 85/337 - OJ No. L 175 of 5 July 1985

⁽⁸⁾ OJ No. C 332 of 31 December 1990

⁽⁹⁾ COM(91) 28 final

- to ensure a Europe-wide approach;
- to use the above-mentioned institution for implementing the Green Paper (exchange of information and promotion of cooperation);
- to ensure cooperation with the recently established European Environment Agency.

The scientific/consultative institution could draw up guidelines for solving municipal environment problems, collect and collate data from the various fields, provide expert opinions on the need for and scope of rehabilitation in practical cases, train specialists, provide further training for officials which draws on the latest knowledge, and operate as a clearing house for the transfer of knowledge and experience on the transregional aspects of the urban environment. If such an institution were set up, it should cooperate closely with national and regional bodies whose tasks are similar, in order to ensure coordination.

- 4.2. The ESC reiterates the proposal in its Own-initiative Opinion on Environmental Policy - an important factor in economic and social development, ⁽¹⁰⁾ that a European Environment Fund be set up to finance or co-finance solutions to problems in the fields covered by the Green Paper. The existing Regional and Social Funds can only be used in a very limited way for this, since their priorities are elsewhere.
- 4.2. The ESC is pleased to note that the Commission recently presented a proposal for a financing instrument for the environment (LIFE), which includes the ESC's points; it remains to be seen whether the planned budget is enough ⁽¹¹⁾. A European Environment Fund could promote pilot projects serving as models. However, the ESC thinks it worth bearing in mind certain objections to its use for such pilot projects:
- the greater administrative capacity and better contacts of very large towns should not lead to smaller towns - often with very serious unsolved problems - obtaining practically no share in such programmes;
 - pilot projects which merely implement tried and tested technological method should not be eligible for assistance;
 - towns should be able to obtain funds only if they can produce an integrated planning scheme for this field.

It could also assist in individual cases with dealing with trans-regional problems. The Commission itself has considered such an instrument (in its Opinion of 21 October 1990 on revising the Treaties of Rome with a view to political union - COM(90) 600 final).

- 4.3. The ESC is aware that these proposals would require the allocation of additional funds for environmental policy purposes. The intractable urban environment problems cannot be solved without funds from the Member States and the Community, even if the basic costs of urban rehabilitation are met locally or regionally.
- 4.4. The ESC feels that solving these problems calls for greater awareness on the part of the general public. This environmental awareness is found only sporadically. It should include the realization that a change in consumption habits and production structures is necessary to ensure lasting improvement in the environment, particularly in towns. A strengthening of the citizen's rights to information (cf. the Directive on Environmental Information ⁽¹²⁾) and participation by citizens and their groups in the planning process also accord with the principles of municipal autonomy. The enforcement and supervision of environmental law can be brought about by regularly informing the public on the state of the environment in terms of the most important pollutants and the costs of rehabilitation; the Directive on Environmental Information should be expanded where necessary.

⁽¹⁰⁾ OJ No. C 56 of 7 March 1990

⁽¹¹⁾ CES 699/91

⁽¹²⁾ ESC document: OJ No. C 139 of 5 June 1989
Directive 90/313: OJ No. L 158 of 23 June 1990

Using suitable instruments, the Community should make possible and promote all measures to inform, assist and advise citizens and to train the officials concerned. This also includes the preparation of training and educational material, the promotion of seminars or similar events, and the organization of travelling exhibitions to give clear information on urban and environmental problems and good suggested solutions.

Support and better specialized information for local and regional decision-makers is always more likely to improve the situation in towns than is the ad hoc promotion of individual projects.

The ESC suggests a Europe-wide town-focused publicity campaign on improving the urban environment (possibly involving competitions).

The Commission should encourage towns to strengthen municipal environmental education (including setting up local environmental education centres) and further develop environmental administration and planning.

Efforts to provide basic and further training for political, administrative and social bodies active in this field should also involve tried and tested institutions and procedures, and particularly the existing town-twinning arrangements; town-twinning could be further developed in specialized fields.

5. Conclusions

The Green Paper on the Urban Environment is intended to give rise to a wide-ranging discussion. The possible lines of action are to be further examined by governments and experts. The ESC expects to participate in this debate, in particular when the Commission, in accordance with the decisions of the Council of Ministers of 21 December 1990, spells out its proposals. Thus the ESC reserves the right to supplement this Opinion with its own proposals for action.

The ESC proposes that the social and economic groups represented among its members should also be represented on any panel of experts set up to pursue the aims of the Green Paper further. The ESC might well be a suitable organizer and forum for this exchange of experience.

The ESC assumes that - in accordance with the Council of Ministers' decisions - the Commission will cooperate with other European and with international organizations concerned with the urban environment, in order to avoid duplication.

Done at Brussels, 3 July 1991.

The Chairman
of the
Economic and Social Committee

François STAEDLIN

The Secretary-General
of the
Economic and Social Committee

Jacques MOREAU

European Communities - Economic and Social Committee

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Rue Ravenstein 2 Tel. 519 90 11 Teleg. add. ECOSEUR
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