Opinion of the ECSC Consultative Committee on the Commission communication 'A European Union strategy for sustainable development'

(*Adopted unanimously at the 359th session of 25 January 2002*)

(2002/C 54/03)

The ECSC Consultative Committee:

1. GENERAL

1. Welcomes the Commission's initiation of a broad debate on the concept of sustainable development. It fully endorses the need for an approach to long term policies on sustainability ([1]), at both EU and national levels, that balances the three goals of environmental improvement, social development and economic growth. It notes with interest the initiative from the Commission of presenting at the Laeken Summit an action plan for the amelioration of the regulatory environment, which is designed to guarantee that the future important legislative proposals will contain an evaluation of their potential impact under the economic, environmental and social aspect, both inside and outside the EU.

2. In particular, endorses the statement that 'narrow sectional interests must not be allowed to prevail over the well-being of society as a whole', and notes that economic growth plays a crucial role in securing that well-being. Similarly, supports the statement that there is currently, in EU policy formulation, 'too little focus on the prospect of longer term "win-win" situations'. This is especially noticeable in the current development of environmental policies.

3. Is however deeply concerned that the detailed proposals set out in the communication do not live up to these initial objectives. The long-term objectives and targets discussed in the communication are too exclusively in the environmental field ('limit climate change and increase the use of clean energy', 'address threats to public health', 'manage natural resources more responsibly', and 'improve the transport system and land-use management'). Additionally, Annex 1 of the communication lists the goals of the Lisbon strategy in the field of social policy ('combat poverty and social exclusion' and 'deal with the economic and social implications of an ageing society'). Nowhere in the communication itself are discussed goals or objectives with respect to economic growth or social items.

4. Stresses that economic growth is an absolutely necessary condition to the achievement of the environmental and social policy goals. Unless this third component of sustainable development is given full and equal consideration in EU policy formulation, the other two components will fail. Furthermore, it is business, and manufacturing in particular, that drives economic growth.

5. Emphasises that only if EU business remains competitive will it be able to continue to provide the economic growth on which sustainability depends. Nowhere in the communication is there an explicit recognition of the fact that EU business operates in a global environment, and is subject to ever increasing competitive pressures. Furthermore, unequal approaches to environmental legislation in other regions and countries are an important element in this competitive pressure.

6. Accordingly, insists that if the EU is really serious about developing a coherent approach to sustainable development, then assessments of the impact on business competitiveness must be integral to all areas of policy formulation. A sustainable policy is one which achieves its goals whilst having also the least adverse impact on competitiveness.

7. Stresses that the social dimension should be at the heart of the overall strategy of sustainable development. Therefore, a high quality of life has to be achieved, extended and guaranteed for the future. This quality of life comprises security of employment, progress in labour and health protection, adequate income, suitable housing, possibilities for personal development and above all health. Good education and professional training (which could be defined as 'lifelong learning') are basic requirements for the creation of a reliable social basis for workers and their families. Constant dialogue between the social partners should ensure consensus at all levels and render comprehensible the process of sustainable development. In the important area of labour and health protection, ECSC social and technical research brought about considerable improvements. In the future, this area must be firmly consolidated and continued.

8. Notes additionally that technological progress has contributed immensely to society's material wealth and quality of life, and can continue to provide solutions to environmental problems. Strategies on sustainable development must therefore encourage and support innovation by business, and the EU framework programme on RTD should be coherent with such strategies. Again however companies will only be able to invest in innovation if they remain competitive.

([1]) COM(2001) 264 final.

9. Points out that the Commission's intention to continue to give priority 'to market-based approaches that provide price incentives, whenever these are likely to achieve social and environmental objectives *in a flexible and cost effective way*' is in contradiction to its present approach. *Price incentives* are frequently proposed in the form of additional taxation. Taxes however are rarely cost effective and when applied to business will nearly always damage competitiveness. Furthermore, price mechanisms are frequently not even the most directly effective means of achieving the desired environmental goals. Pricing will generally only be the most effective solution where a consumer has a genuine choice between equivalent possibilities.

2. **CLIMATE CHANGE AND CLEAN ENERGY**

10. Deplores the Commission's intention to secure the adoption of an energy products tax directive. If the principles discussed in point 9 above were properly applied by the Commission, it would abandon this objective. Energy taxation, unless adopted by all other competing countries, will severely damage EU manufacturing competitiveness and therefore is not a sustainable policy. Other, more cost effective policy measures for encouraging energy efficiency by manufacturing are available. In particular, for energy intensive sectors such as the steel industry, the use of negotiated agreements offers the possibility of the same levels of energy saving with a lower cost burden. The main way in which energy taxation produces reductions in energy consumption in the EU is likely to be through the migration of manufacturing activity to countries that have not imposed these burdens on society. The same menace would be induced by an obligatory and sectorally restricted 'emission trading' on company level. Referring to this issue, the ECSC Consultative Committee recalls its opinion on the European climate change programme and emission trading of 5 April 2001 [1].

11. Stresses that coal has a major role to play in a sustainable future. New, clean coal power stations need to be built which pollute less and have higher efficiencies in order to reduce greenhouse gas emissions and help to meet Kyoto targets. Most importantly, they provide the security and reliability of electricity supplies that are needed for long-term sustainable economic growth. The cost of these technologies would not be high: it has been estimated that electricity from IGCC plants [2] can be generated at just over EUR 50/MWh. Compare this with renewables [3] such as offshore wind at EUR 80/MWh; biomass at over EUR 130/MWh; and photovoltaics at around EUR 250/MWh. Therefore, support mechanisms to facilitate the building of clean coal stations, as well as to reinforce clean coal-related research and demonstration activities, must be put in place.

12. Supports the funding of an adequate programme of work to clarify the cost and practicality of CO_2 sequestration from the flue gas of coal-fired power stations. Obviously, if this were cost effective, there would be major benefits to both the environment and the coal industry. The further development of co-firing of biomass with coal, thus combining renewable energy with preserving a role for coal, should be encouraged by the Commission and Member States.

13. Invites the Commission to give the European coal industry a prospect for the future, in order to secure access to deposits and contribute to the security of energy supply. In this way, the perception of the European mining industry as an industry in the final stage of decline will be avoided.

14. In this perspective, recalls that, according to the Commission, EU indigenous primary energy sources should be developed and that valid reasons exist in order to continue a limited coal production, since this would not only contribute to the security of energy supply but also help employment in the EU as well as the development of clean coal technologies.

3. **NATURAL RESOURCES**

15. Recognises that business must clearly emphasise its exemplary role in its treatment of resources. But the fact that resources are not unlimited means that all sectors of society, and not only the industry, must be involved in the process of rethinking. The coal and steel industry are aware of the responsibilities they bear beyond commercial life and the capital market — namely for the environment and for the society.

16. Underlines that company responsibility includes a balanced consideration of the social and environmental aspects of commercial activities in order to improve commercial processes continuously. Conforming to applicable regulations is a precondition for commercial activities.

[1] OJ C 170, 14.6.2001, p. 8.

[2] DTI Clean Coal Review 2002.

[3] DTI 'New and renewable energy — Prospects in the UK for the 21st century — Supporting analysis', March 1999.

17. Emphasises that improving environmental protection is an ongoing process. Some years ago in the steel industry, for example, new initiatives emerged based on a product-, production- and medium-integrated approach. This strategy of taking a holistic view of material flows gives priority to preventing the generation of emissions in the first place at all points in the production process. Steel plants in Europe nowadays are designed and constructed from the outset to have as little impact on the environment and the use of resources as possible. The best available techniques are used to ensure the effective use of invested capital. Additionally, by-products from coal combustion and steel production are used as raw materials for construction, again saving natural resources.

18. Emphasises that the interconnected use of energy, circulatory system of water use, and reduction of waste in production (or its recycling) are clear signs of the steel industry's sparing treatment of natural resources. Nowadays, more than 40 % of the steel production in Europe is no longer made from ore but obtained by recycling scrap steel. Up to 100 % scrap is melted using the electric-arc furnace process. The use of scrap steel is estimated to prevent the mining of 600 000 000 tonnes of iron ore and the use of 140 000 000 tonnes of coke worldwide.

4. **TRANSPORT POLICY**

19. Stresses that steel and coal are safe materials. In particular, coal can be easily and safely stored and its transport does not entail the same environmental hazards as the transport of oil and gas.

20. Supports the objective of moving more steel and coal freight from road to more sustainable forms of transport such as rail and waterways.

21. Remarks that the steel and coal industries are already one of the largest users of rail and waterways in the EU. However, they continue to use road in many cases, not simply because it is lower cost, but because adequate alternatives do not exist. Providing viable alternatives through greater investment in public transport infrastructure will encourage greater use of those modes. Increasing the price of road transport will however simply push up the costs to manufacturing and therefore is not a sustainable development policy.

22. As a matter of fact, already EU manufacturing suffers from higher transport costs than major competitors. According to UNICE, logistical costs overall represent 12 % of GDP in Europe compared with 10 % in the USA.

23. Therefore, regrets that once again the Commission is proposing pricing mechanisms as the means of achieving its objective. The inadequacy of pricing as a policy instrument for changing transport choices is clearly illustrated in the United Kingdom which, according to the Commission data [1], has both the highest level of road fuel taxes in the EU and the highest intensity of car usage.

[1] See: 'EU energy and transport in figures 2001.htm'.

Notice of implementation of the ETF start-up facility, the SME guarantee facility and the seed capital action under the multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005)

(2002/C 54/04)

(Text with EEA relevance)

This notice is addressed to financial intermediaries for SMEs (such as banks, institutions operating guarantee schemes, seed and venture capital funds and incubators). It outlines three financial instruments that aim to improve the financial environment for SMEs by extending existing, and introducing new, financial instruments for the financing of SMEs. This programme is open to the Member States of the European Union, Norway, Iceland and Liechtenstein.

The indicative budgetary appropriations for the period 2001-2005 amount to EUR 323 million.

Under Council Decision 2000/819/EC on a multinational programme for enterprise and entrepreneurship [1], and in particular for small and medium-sized enterprises (2001-2005), the European Investment Fund (EIF) is operating, on behalf of the European Commission, the financial instruments of this programme. On 18 December 2001 the European Commission signed the fiduciary and management agreements with the EIF concerning the implementation the following three facilities:

[1] OJ L 333, 29.12.2000.

1. THE ETF START-UP FACILITY

The ETF start-up facility will support the establishment and financing of SMEs in their start-up phase by investing, *pari passu* with private equity investors, in relevant specialised venture capital funds, particularly in seed funds, smaller funds, funds operating regionally or funds focused on specific