

5.4 With regard to the two previous points, should we not be aiming for a single system to be gradually applied to all taxpayers within the same Member State?

5.5 If the CCCTB system is to bring more transparency, should the declaratory common base be entrusted to a transnational body?

5.6 With the CCCTB system, tax differences hidden in the calculation of tax bases will be reflected in the rates within the Member States that have opted for the CCCTB. Will the common tax base system not result in a greater dispersion of tax rates (at least nominal rates)? There is a risk of renewed competition over published tax rates. A Commission study

(2001) noted that the dispersion of nominal rates was the primary cause of tax-competition-related economic distortion!

5.7 If tax rate differentials were to remain (contrary to the recent trend towards convergence) — or even increase — between the Member States that opt for the CCCTB, could we envisage the introduction of a minimum rate for these Member States? This rate could be set just below that adopted by the new Member States, for example. The situation will remain unchanged for these countries with regard to the import of foreign capital. The other Member States could adopt a higher tax rate without fear of overly aggressive external fiscal policies affecting their economic capital.

Brussels, 13 December 2007.

The President  
of the European Economic and Social Committee  
Dimitris DIMITRIADIS

### Opinion of the European Economic and Social Committee on the 'Impact of European environmental rules on industrial change'

(2008/C 120/15)

On 16 February 2007 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on the

*Impact of European environmental rules on industrial change.*

The Consultative Commission on Industrial Change, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 November 2007. The rapporteur was **Mr Pezzini** and the co-rapporteur was **Mr Nowicki**.

At its 440th plenary session, held on 12-13 December (meeting of 12 December), the European Economic and Social Committee adopted the following opinion by 137 votes to 1 with 1 abstention.

#### 1. Conclusions and recommendations

1.1 Environmental policy is currently one of the main social challenges facing public authorities and economic decision-makers. The slow global response to environmental problems can no longer be an excuse for putting off the legislative and behavioural changes needed to achieve the EU's fundamental objective, i.e. to achieve sustainable development.

1.2 European industry has great potential to become a sustainable economy, but its success will increasingly depend on its ability to innovate in the area of industrial change. This change is necessary as a result of opening up markets, and globalisation and technological and behavioural changes, which are accelerated by a growing acceptance of the need to protect the environment and natural resources.

1.3 The Committee believes that all economic and social operators — whether public or private — and politicians and public authorities must be fully aware of the fact that we are facing a new industrial revolution that places quality of life and of the environment at the heart of development and requires a new, integrated approach to planning, production and consumption, and to conserving and managing natural resources.

1.4 The Committee believes there is an urgent need to move on from a defensive, knee-jerk approach to one that is decisive and proactive, preparing the future by launching at EU- and Member State level a clear, stable framework of positive actions on a sustainable basis to speed up:

— the development and application of clean product and process technologies;

- the promotion of a genuine entrepreneurial spirit that is alive to eco-friendly manufacturing issues;
- training for skilled technicians.

1.5 The EESC believes it is important that this new pro-active approach should be based on prevention rather than on corrective work after the event, and on uniform procedures for all players as part of a European environmental code that is useful for the legislator, operators and consumers.

1.6 The Committee is convinced that technological development and innovation must primarily be the responsibility of the entrepreneur and public authorities: however, both entrepreneurs and the authorities must be motivated, encouraged and supported by appropriate European, national and local policies, and by public-private partnerships that simplify and free up resources; this is essential to meeting the challenges.

1.7 The Committee believes it is essential that, at EU level, new and sustainable industrial initiatives be incorporated into the Structural Funds, Community innovation, research and training programmes, and relevant financial instruments.

1.8 The Committee would remind the Commission and the Member States of the need to speed up adoption of concrete simplification measures in order to eliminate unnecessary burdens and to reduce the increasing costs resulting from the bureaucratic and technical burdens imposed by current environmental legislation; the latter will have to be streamlined and consolidated for consistency.

1.8.1 Close coordination is needed, along with a range of policies and instruments at various levels, in addition to securing the clearest possible environmental policy that is user-friendly and does not entail additional costs, especially for SMEs. 'Less but better lawmaking' must translate into consolidated, consistent regulatory texts in the field of the environment, providing legal certainty and transparency for adjusting to industrial change, and focusing on how best to protect resources and the environment and apply sustainable, competitive technological innovations in the global marketplace. SMEs must have the capacity to be able to absorb the compliance costs without undermining their competitive advantage.

1.9 The Committee would stress the importance of rapidly adopting an integrated long-term Community strategy to provide certainty for public and private decision makers and make it possible to cope with the technological and organisational changes needed to comply with high standards of environmental protection.

1.10 The Stability and Growth Pact might need to be modified to better reflect the Lisbon Strategy and Gothenburg objectives on environmental sustainability in order to encourage — clearly and transparently and without distorting competition — the long-term public investment that is needed, and which should be excluded from the definition of 'public deficit'.

1.11 The Member States should include details of their annual environmental investment plans in their annual reports

on the Lisbon process, along with the results of *ex-post* assessments of their legislative and financial activities. The available data should specify better the environmental aspect, which should become an integral part of the Commission's summary report, to be presented annually to the Spring European Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions.

1.12 The Committee believes it is important that national policies should highlight the positive impacts of the various economic instruments and fiscal incentives on the environment. This is particularly the case for taxation — where it is hoped EU solutions can be found <sup>(1)</sup> — and which impacts on:

- production and employment;
- use of natural resources;
- environmental pollution levels;
- choosing high levels of environmental protection;
- environmental technology innovation for processes, products and organisation.

1.13 There is a need to move more quickly to define quantifiable, shared objectives in order to act on the ambitious decisions taken by the Spring European Council and the subsequent Environment Council.

1.14 The Committee reaffirms the vital role that the social partners and organised civil society representatives must play at various levels — starting with the European level — in inter-sectoral and sectoral discussions to address problems relating to competitiveness, energy and the environment; these have a significant impact on many industries as they require important structural changes — particularly in manufacturing — and call for a closely coordinated, integrated approach, backed up by a constant drive towards simplification and an attack on red tape.

1.15 The Committee believes that problems relating to the environment, the sustainable use of natural resources and the creation of new eco-friendly market opportunities and new and better jobs that are eco-aware must be accompanied by a business-friendly, employee-friendly environment that is capable of supporting the latter's capacity for innovation and the economic, social, cultural and training efforts they are constantly called upon to make in order to keep abreast of market competition.

1.16 As the EESC and leading figures from the Commission, the Council and the European Parliament have often said, it is essential to reduce the administrative and bureaucratic burden on firms in order to unleash their economic and social energy and to refocus it on the sustainable modernisation of the productive and organisational environment and structures.

<sup>(1)</sup> Cf. Eurovignette system — Directive 2006/38/EC amending Directive 1999/62/EC on the charging of heavy goods vehicle for the use of certain infrastructure.

1.17 An integrated, proactive enterprise policy is required, one capable of combining a commitment to environmental protection with enhanced competitiveness, and of safeguarding quality of life and employment, boosting employment levels and providing knowledgeable, skilled human resources: the RTD, Innovation and Competitiveness and Life Plus programmes must be strengthened by making them more accessible, and they must be compatible with structural and regional cohesion instruments.

1.18 Community efforts to develop the information society must aim, in their education and training programmes, to integrate environmental issues, starting with primary school and encompassing professional, managerial and scientific training.

1.19 Social, economic and environmental issues must be considered consistently in terms of their domestic and international implications, so that firms can compete on an equal footing in the global market and that sustainable development can take account of the new greater interdependence that has emerged between countries and major continental economic areas.

1.20 Europe must be able to speak with one voice in bilateral and multilateral arenas in order to ensure that WTO and bilateral agreements contain a social dimension that is also flanked by a strong environmental protection dimension

## 2. Introduction

2.1 The Brussels European Council of 8 and 9 March 2007 focused particularly on the environment and climate change, and set specific objectives.

2.1.1 The declared objective is to cut CO<sub>2</sub> emissions by 20 % to 30 % by 2020 and by 60 % to 80 % by 2050, compared to 1990 levels.

2.2 The Commission's 2007 annual progress report on the Lisbon Strategy for growth and employment focused on climate change, eco-innovation, energy efficiency, renewable energy sources and energy markets.

2.2.1 The report stressed that committed action in these fields would lead to effective solutions to environmental problems, sustainable use of natural resources and to the creation of new market opportunities and new jobs.

2.3 The Environment Council of 20 February 2007 stressed that the EU's renewed sustainable development strategy and the Lisbon Strategy for growth and employment are complementary and that the Lisbon Strategy makes a vital contribution to the key objective of sustainable development. It also restated the importance of improving environmental protection, which should be seen as one of the three key pillars of sustainable development, and the need to mainstream environmental issues into all policies.

2.4 A properly designed environmental policy that takes due account of the need for adjustment periods and is inspired by the principles of better regulation and simplified legislation and bureaucracy can make a positive contribution towards competitiveness, growth and employment by actively promoting eco-innovation and efficient resources. Any legal tinkering that makes endless changes to current legislation should be avoided.

2.5 The Council has asked the Commission to present in the near future a green paper on market-based instruments for environmental management. The green paper will need to suggest new cost-effective environmental policy instruments to be used in conjunction with Member State regulation and financial incentives. These measures should avoid producing unfair distortions; they should also aim to achieve environmental efficiency in each individual production sector, ensuring local solutions can be applied to local problems.

2.5.1 As the Committee has emphasised, '... in order for a sustainable development strategy to have any real driving force or traction it needs to be carried through into specific measurable objectives and targets, based on rigorous analysis'. The Council's review of the *EU Sustainable Development Strategy* 'contains a large number of objectives and actions. But it does not relate these to any quantified analysis of data and trends or to any qualitative analysis of issues and problems' <sup>(2)</sup>.

2.6 It is therefore essential that the CCMI should discuss the broad theme of the impact of European environmental rules on industrial change, taking account of the experience that the EESC and the CCMI have acquired in preparing various opinions on the subject.

2.7 The Competitiveness Council of 4 December 2006 emphasised the need to promote eco-innovation (particularly in industry), competitiveness and R&D, exploiting to the full the potential of lead markets in sectors such as:

- safe, sustainable, low environmental-impact technologies;
- eco-product design;
- renewable energy sources;
- energy efficiency and preservation of natural resources;
- water supply services.

To these should also be added efficient use of materials <sup>(3)</sup>.

2.7.1 The aim is to put Europe at the forefront of eco-innovation and make it the most efficient place in the world in terms of energy use.

<sup>(2)</sup> Cf. Exploratory opinion NAT/348 — OJ C 168, 20.7.2007 — rapporteur: Mr Ribbe.

<sup>(3)</sup> EESC opinion on Sustainable development as a driving force for industrial change, CCMI/029 — OJ C 318, 23.12.2006.

2.8 The CCMI has, in recent times, considered in depth the effects of action to contain demand in two opinions adopted by the European Economic and Social Committee on 25 September 2003 and 14 September 2006 <sup>(4)</sup>: 'Industrial change: current situation and prospects — An overall approach'; and 'Sustainable development as a driving force for industrial change'. The main aim was to study the dynamics of 'a development that meets the needs of today without endangering the supply of the needs of future generations' <sup>(5)</sup>.

2.9 This own-initiative opinion, however, aims to look more closely at the issue from the supply side in terms of environmentally-sustainable production, and to analyse European environmental provisions that have enormous bearing on distribution and production operations, with an increasing impact on products, processes and supply of services.

2.10 Once the operational impact of the Integrated Product Policy (IPP) has been assessed, it will become an essential part of the Community's sustainable development strategy. All products have an impact on the environment, either during production, use or final disposal. The same is true of services. Furthermore, the EU is trying to encourage economic operators and civil society players to get involved in environmental protection through measures such as the eco-label, the Community's Eco-management and audit scheme, or through voluntary agreements.

2.11 Effective environmental protection requires an accurate assessment of the impact of human decisions and actions on the environment. The repercussions for the environment can thus be examined both upstream, using the environmental impact assessment system for public and private projects, and downstream, through environmental control in the Member States, involving all stakeholders.

2.11.1 The same attention should be paid to sustainable industrial policy and to sustainable consumption.

2.12 Moreover, damage to protected natural areas, the aquatic environment and soil contamination are now subject to sanctions. The 'polluter-pays' principle became a reality with the adoption in 2004 of the environmental liability directive, according to which those who are responsible for environmental damage can be required to pay for remedial work. Moreover, there are European regulations covering waste management, packaging, noise, water, and atmospheric pollution, climate change, natural and technological risks, and on accidents involving certain dangerous substances <sup>(6)</sup>.

2.13 The systematic incorporation of environmental requirements in product design <sup>(7)</sup> to reduce the negative impact on

the environment throughout the life cycle of the product is a wide-ranging objective in an increasingly globalised market. It is the subject of specific European regulation and is included in the priorities of the EU's 6th Environmental Action Programme (2002-2012) which provides for the development and implementation of seven thematic strategies <sup>(8)</sup>, on which the EESC has already expressed its views, and which concern — both in general and in specific terms — the productive and distributive system.

2.14 The CCMI fully endorses the aim to take on board environmental requirements in the initial planning stages for products and production and distribution processes, if performed as an integral part of the Lisbon Strategy, in order to return competitiveness to a European industry that is changing, not just in terms of sustainable, cohesive development, but also in terms of simplification and streamlining technical and administrative burdens for firms, particularly smaller ones.

2.15 A coherent framework of measures to integrate ecological requirements into the design, development, distribution and disposal stages of all energy-consuming products covers over 70 % of products currently circulating freely in the single market <sup>(9)</sup>. The framework is not limited to energy performance but covers all types of environmental impact (solid, gas, noise and electromagnetic emissions, etc.).

2.16 However, the production and distribution system is affected by a wide range of environmental impact regulations which radically transform the way products are manufactured and services are supplied in the European Union. This body of legislation needs transparency, simplification and consolidation. Indeed, the Community's environmental policy commitment cuts across all other policy measures, whether it be those involving technical standardisation, regulation of chemical substances under the REACH regulation, employment policy or those relating to the single market and exchange of goods and services.

2.17 Policy implementation must take account of collateral impact, which often reduces the scope of the main objectives <sup>(10)</sup> but has serious unintended consequences for the economy unless a comprehensive assessment is carried out as part of an integrated framework <sup>(11)</sup>.

<sup>(8)</sup> The thematic strategies are:

- air pollution;
- marine environment;
- sustainable use of natural resources;
- waste prevention and recycling;
- soil protection;
- use of pesticides;
- urban environment.

<sup>(9)</sup> Cf. Directive 2005/32.

<sup>(10)</sup> Cf. TEN/274, rapporteur: Mr Iozia, and TEN/287, rapporteur: Mr Zboril.

<sup>(11)</sup> Cf. Opinion TEN/286 on Progress in the use of biofuels, rapporteur: Mr Iozia.

<sup>(4)</sup> CCMI/002 and CCMI/029 — OJ C 318, 23.12.2006.

<sup>(5)</sup> CCMI/029 — OJ C 318, 23.12.2006, paragraph B.

<sup>(6)</sup> Council Directive 96/82/EC of 9 December 1996 on the control of major-accident hazards involving dangerous substances (Severo II Directive).

<sup>(7)</sup> Directive 2005/32/EC of the European Parliament and of the Council of 6 July 2005 establishing a framework for the setting of ecodesign requirements for energy-using products and amending Council Directive 92/42/EEC and Directives 96/57/EC and 2000/55/EC of the European Parliament and of the Council.

### 3. The current framework of Community environmental measures

3.1 Environmental policy is currently one of the main social challenges facing public authorities and economic decision-makers. The slow global response to environmental problems can no longer be an excuse for putting off the legislative and behavioural changes needed to achieve the EU's fundamental objective, i.e. to achieve sustainable development, which is global challenge facing our partners throughout the world.

3.2 Sustainable development must lead, in the Committee's view <sup>(12)</sup>, to a more prosperous, fairer European society that guarantees a cleaner, safer, healthier environment, and that provides a better quality of life and work for us, our children and our grandchildren. This, however, will require greater consistency between EU policies and instruments, in order to ensure a proactive rather than bureaucratic approach that respects the economic and social dimensions of industrial change and enhances the ability of firms to compete efficiently in a global context.

3.3 Scientific and technological progress is essential to reconcile economic growth with social and environmental sustainability, as the Committee has emphasised: 'Top performances in the scientific and technical field, and their conversion into a competitive, economic force, are essential preconditions to safeguarding our future, for example with regard to energy and climate issues, preserving and improving our current global position, and developing rather than jeopardising the European social model' <sup>(13)</sup>.

3.4 In the 7th Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013), the priority given to the environment is clear. In this context, the EESC has highlighted that 'environmental protection is of fundamental importance for the quality and very foundations of life of both present and future generations. Recognising and resolving the problems involved — be the causes man-made or natural — is a particularly ambitious and potentially vital goal. This task is closely linked with the most diverse research and policy fields: economy, energy, health and agriculture, including monitoring tasks and, in view of the global aspects, international agreements' <sup>(14)</sup>.

3.4.1 European Technology Platforms <sup>(15)</sup> provide an important instrument for unblocking Europe's innovation potential, as does the Environmental Technologies Action Plan, which addresses lead markets.

<sup>(12)</sup> OJ C 117, 30.4.2004 on the Sustainable Development Strategy.

<sup>(13)</sup> OJ C 325, 30.12.2006 on Unlocking and strengthening Europe's potential for research, development and innovation, rapporteur: Mr Wolf (exploratory opinion).

<sup>(14)</sup> OJ C 185, 8.8.2006 on specific programmes of the 7th FP 2007-2013, rapporteurs: Mr Wolf and Mr Pezzini.

<sup>(15)</sup> European Technology Platforms (ETP) are informal private organisations that unite all important (stakeholders) around a common vision and approach for the development of technologies in a particular field or in certain areas, focusing on strategic issues where the EU's future growth, competitiveness and sustainability depend on major technological progress. At the beginning of 2007 there were 31 ETPs. — Cf. Third Report on European Technology Platforms at the launch of FP7, European Commission, March 2007.

3.4.2 The manufacturing sector will continue to play a significant role in European economic activity provided that it develops with a constant eye on the new parameters for quality of life and the environment and on healthy management of resources in terms of:

- new business models;
- products and services with high added value;
- hi-tech industrial engineering, using advanced eco-technology processes;
- emerging productive technologies and sciences, in order to establish ecology and technology standards;
- updating RTD models and training infrastructures by incorporating the new environmental parameters;
- developing green procurement;
- new forms of financing for environmental technologies, as provided for under the Action Plan <sup>(16)</sup>;
- better application of research and technical standards.

3.5 The priority objectives of the **2007-2013 cohesion policy instruments** devote ample space to sustainable development and aim to encourage synergies between the social and environmental dimensions, with a total budget of EUR 308 billion: 'Environmental protection needs to be taken into account in preparing programmes and projects with a view to promoting sustainable development' <sup>(17)</sup>.

3.5.1 The ERDF supports programmes pertaining to regional development, economic change, and strengthening competitiveness and regional cooperation throughout the EU. Its funding objectives include environmental protection, research and risk prevention in this important sector, particularly in lagging regions.

3.5.2 The cohesion fund helps to promote intervention in the environment and trans-European transport networks. It is currently available for Member States with a gross national income (GNI) less than 90 % of the Community average <sup>(18)</sup>, although funding is scarce for railway infrastructure compared to road transport, with worrying repercussions for the environment and quality of life.

3.5.3 Cohesion expenditure is to be refocused on common themes, including research and technological development, innovation and entrepreneurship, the information society, transport, energy — including renewable energy sources, environmental protection and issues linked with human resources and labour market policy.

<sup>(16)</sup> Cf. COM(2004) 38 final: Stimulating Technologies for Sustainable Development: An Environmental Technologies Action Plan for the European Union.

<sup>(17)</sup> Decision 2006/702/EC: Decision of the Council of 6 October 2006 on Community strategic guidelines on cohesion.

<sup>(18)</sup> Article 2 *et seq.*, Council Regulation (EC) No 1084/2006 of 11 July 2006 establishing a cohesion fund and repealing Regulation (EC) No 1164/94.

3.5.4 Furthermore, the Committee points out that 'the Structural and Cohesion Funds effectively amounted to an early incarnation of the Lisbon Strategy, in all of its dimensions: growth, cohesion, more and better jobs, environmental sustainability, etc., they helped consolidate the European social model' <sup>(19)</sup>.

3.5.5 The Competitiveness and Innovation Framework Programme 2007-2013, which was warmly welcomed by the Committee <sup>(20)</sup>, also includes the **Intelligent Energy — Europe Programme**, which aims to promote sustainable development in the energy field and to improve energy efficiency, security of supply and renewable sources. The **LIFE PLUS** financial instrument, albeit underfunded <sup>(21)</sup> aims to contribute to: the development and demonstration of innovative policy approaches and instruments; consolidating the knowledge base for development; assessment, monitoring and evaluation; capacity development; exchange of good practice; improvement of environmental governance; dissemination of information; and to raising awareness of environmental issues.

3.5.6 The individual funding granted by the EIB for environmental protection projects is also worthy of note, as previous Committee opinions have pointed out. These loans represented a third of all individual funding, which amounted to EUR 10,9 billion in the European Union in 2005.

3.5.7 As the Committee has stressed, 'In a context like ours, open to global competition, any governance strategy for socially responsible local and regional development must secure a sustainable trend towards economic development and high social standards' in order 'to enable high levels of environmental and social sustainability in the development of both production and consumption' <sup>(22)</sup>.

3.5.8 Furthermore, the Committee also believes that, since 40 % of CO<sub>2</sub> emissions come from cities, an urban planning policy must be a priority 'also with a view to meeting EU target values and complying with EU rules on inner-urban air quality ...' <sup>(23)</sup>.

3.6 Moreover, it must be pointed out that the current rules on **state aid in the field of the environment**, on which the EESC has commented <sup>(24)</sup>, recognises three main types of aid:

- operating aid, granted for the management of waste and energy conservation;

<sup>(19)</sup> OJ C 93, 27.4.2007, rapporteur: Mr Derruine.

<sup>(20)</sup> OJ C 65, 17.3.2006, rapporteurs: Mr Welschke and Ms Fusco.

<sup>(21)</sup> OJ C 255, 14.10.2005, rapporteur: Mr Ribbe.

<sup>(22)</sup> OJ C 318, 23.12.2006 on the Territorial governance of industrial change, rapporteurs: Mr Pezzini and Mr Gibillieri.

<sup>(23)</sup> OJ C 168, 20.7.2007 on Transport in urban and metropolitan areas, rapporteur: Mr Ribbe.

<sup>(24)</sup> OJ C 318, 23.12.2006 on state aid reform, rapporteur: Mr Pezzini, in particular point 3.10: 'The Community framework for state aid to environmental protection will remain in force until 2007. Here, too, it is important to pursue the Lisbon objectives, facilitating the introduction of the CO<sub>2</sub> emissions trading scheme (ETS National Allocation Plans) as part of the Kyoto Protocol objectives.'

- aid for environmental assistance/advice, intended for small and medium-sized enterprises (SMEs) <sup>(25)</sup>;

- aid for investment needed to meet environmental objectives, to reduce or eliminate pollution and pollutants or to adapt production methods in order to protect the environment.

The rules must be reviewed by the end of 2007.

3.7 The Committee believes the following action is required immediately:

- improve and strengthen the Emission Trading Scheme <sup>(26)</sup>;
- develop carbon capture and storage;
- limit transport emissions;
- focus on sustainable growth;
- investigate the potential for energy efficiency gains through better consumer information and implementation of the guidelines for buildings' energy use, and the forthcoming European Charter on the rights of energy consumers <sup>(27)</sup>.

3.7.1 Thus far, improvements in fuel efficiency have been partly cancelled out, in particular by the increase in passenger and goods transport, which has produced a net increase in greenhouse gas emissions (cf. database of the International Climate Change Partnership — European Environment Agency) <sup>(28)</sup>. At local level serious problems remain, not least traffic congestion, noise pollution and particulate matter emissions, although progress in filter technology might yield good results in the future <sup>(29)</sup>.

3.8 **On the regulatory and legislative level**, including from the environmental standpoint, implementation would not appear satisfactory, given that the latest Internal Market Scoreboard, presented in February 2007, shows that highest number of infringements of single market provisions are to be found precisely in the environmental field. These now account for over 18 % of all infringements. When energy and transport infringements are added, this rises to one third of all infringements <sup>(30)</sup>.

<sup>(25)</sup> Cf. COM(2007) 379 of 8.10.2007, in particular paragraphs 5.2, 5.3, 5.4 and 5.5.

<sup>(26)</sup> OJ C 221, 17.9.2003 on the Proposal for a Directive of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, COM(2001) 581 final — 2001/0245 (COD), OJ C 221 of 17.9.2002, pp. 27-30.

<sup>(27)</sup> Cf. COM (2007) 386, on which the EESC (Section for Transport, Energy, Infrastructure and the Information Society) is currently drafting an opinion.

<sup>(28)</sup> OJ C 80, 30.3.2004 on *Project mechanisms-Kyoto (II)*. Rapporteur: Ms Nouail Marliere.

<sup>(29)</sup> OJ C 318, 23.12.2006 on the Thematic Strategy on the Urban Environment, rapporteur: Mr Pezzini.

<sup>(30)</sup> Cf. Scoreboard 15 bis, Internal Market, December 2006, page 21 ([http://ec.europa.eu/internal\\_market/score/docs/score15bis/score15-bis\\_en.pdf](http://ec.europa.eu/internal_market/score/docs/score15bis/score15-bis_en.pdf)) 'Breakdown of infringement proceedings per sector—Figure 16: "Environment", "energy and transport" and "taxation and customs union" account for half of the infringement proceedings'.

3.8.1 The first piece of Community legislation to have the 'polluter pays' principle amongst its prime objectives was Directive 2004/35/EC of 21 April 2004, on environmental liability with regard to the prevention and remedying of environmental damage, which the Committee warmly welcomed<sup>(31)</sup> because the intention is to prevent damage and to return nature to its original condition.

3.8.2 In 2006, revisions of a number of pieces of legislation were undertaken, for reasons including improving, simplifying and streamlining regulatory, legislative and administrative machinery. These include:

- Directive 2002/95/EC (RoHS), which provides for the prohibition and restricted use of lead, mercury, cadmium, hexavalent chromium and some flame retardants in electrical and electronic equipment;
- Directive 2002/96/EC, also known as the WEEE Directive, aiming to prevent and restrict waste flows of equipment to rubbish dumps by means of re-use and recycling policies for equipment and components;
- the IPPC Directive on Integrated Pollution and Prevention Control;
- the Framework Directive on Waste<sup>(32)</sup>, merging three previous directives.

3.8.3 The Committee believes that these provide excellent opportunities for manufacturers to integrate environmental aspects into their long-term industrial strategy, and to create market opportunities through the improved environmental performance of products and production processes.

3.8.4 With regard to the Integrated Product Policy (IPP) strategy, special importance must be attributed, as the Committee stressed in its opinion on the subject<sup>(33)</sup>, to the EUP Framework Directive 2005/32/EC on the Eco-design of energy-using products, which covers all equipment that uses energy, whether electricity or fossil-fuelled, and aims to promote a framework integrating environmental considerations into the design stage for numerous industrial sectors.

3.8.5 Regulation EC/1907/2006, best known as REACH — Registration, Evaluation and Authorisation of Chemicals — will replace some forty regulations, creating a single system for all chemical substances. The Committee has, in the past<sup>(34)</sup>, expressed concern over its complexity and the length of the technical annexes.

3.9 With regard to voluntary measures, there are now useful instruments ranging from Environmental Agreements and the European ecolabel scheme to the Community eco-management and audit scheme (EMAS), to which can be added the proposed frameworks for corporate social responsibility and the development of socially responsible territories.

3.9.1 The **Environmental Agreements** action plan, presented by the Commission in July 2002<sup>(35)</sup>, which was the subject of an EESC opinion<sup>(36)</sup>, aimed to secure 'a strategy for further coordinated action to simplify the regulatory environment', in accordance with the mandate issued by the European Council at Lisbon and confirmed at the Stockholm, Laeken and Barcelona summits, in order to provide legal certainty and promote a dynamic climate for economic operators.

3.9.2 Moreover, by 1996 the Commission had already launched voluntary environmental agreements such as self-regulation and co-regulation instruments, which have the advantage of capitalising on the forward-looking approach of industry, and supplying effective, tailored solutions to problems. These instruments can be used more quickly and they significantly improve 'legislative methods to make them less complex, more flexible, closer to Union citizens and easier for the public to understand', as well as promoting 'the adoption of voluntary environmental agreements at Community level'<sup>(37)</sup>.

3.9.3 The Committee would also stress here that 'the Commission should always consider whether its intended objectives actually necessitate a regulatory framework or whether, in fact, self-regulation or co-regulation would be sufficient. The EESC believes that among the various options, the aim must be to choose the one which can meet the same objectives at a lower cost and with a lower administrative burden, and which can ensure maximum transparency and stakeholder participation'<sup>(38)</sup>.

3.9.4 With regard to the **European ecolabel**, which firms can request pursuant to Regulation (EC) 1980/2000 to promote products with a smaller environmental impact than other products of the same category and to provide consumers with clear, scientifically proven product information, its potential success could only be mitigated by the proliferation of Community labels and of additional national ecolabels: 'The reference to adoption of different systems of environmental labelling (including green claims and self-declarations) prompts certain reservations owing to the need to provide for further instruments and monitoring mechanisms at national level to assess their validity. In this connection, it should be remembered that the ESC, in its opinion on the new eco-label Regulation<sup>(39)</sup>, expressed its opposition to the proliferation 'of green labels because they could generate confusion in consumers and prove misleading'<sup>(40)</sup>.

3.9.5 The Committee warmly welcomed<sup>(41)</sup> voluntary application of the Community eco-management and audit scheme (EMAS), regarding it as 'a useful instrument for achieving the main objective of promoting sustainable production and

<sup>(31)</sup> OJ C 241, 7.10.2002, rapporteur: Ms Sanchez, in OJ C 241 of 7.10.2002.

<sup>(32)</sup> COM 2005/667 final.

<sup>(33)</sup> OJ C 117, 30.4.2004, rapporteur: Mr Pezzini.

<sup>(34)</sup> OJ C 294, 25.11.2005, rapporteur: Mr Braghin.

<sup>(35)</sup> COM 2002/412 Communication from the Commission on Environmental agreements at Community level within the framework of the action plan on the simplification and improvement of the regulatory environment.

<sup>(36)</sup> OJ C 61, 14.3.2003, rapporteur: Mr Gafo Fernández.

<sup>(37)</sup> OJ C 61, 14.3.2003.

<sup>(38)</sup> EESC exploratory opinion CESE 562/2007 fin — INT/347: Simplification of the regulatory environment for the machinery sector, rapporteur: Mr Iozia.

<sup>(39)</sup> OJ C 296 of 29.9.1997.

<sup>(40)</sup> CESE 925/2001, rapporteur: Mr Pezzini.

<sup>(41)</sup> OJ C 258, 10.9.1999, rapporteur: Mr Pezzini and CESE 1160/2006 on Climate change — the role of civil society, rapporteur: Mr Ehnmark.

consumption (development) patterns' and 'to recognise and reward organisations that go beyond minimum legal compliance and continuously improve their environmental performance' <sup>(42)</sup>. By applying EMAS, individual organisations and institutions explore concrete ways to measure and reduce the environmental impact of various activities, for instance energy and materials use and travelling by car or railway or airplane' <sup>(43)</sup>.

3.9.6 **Corporate social responsibility** is — as the Committee has stressed repeatedly <sup>(44)</sup> — 'an important contribution to realising the strategic goal which the EU set itself at the Lisbon Summit' and which cannot, in the Committee's view, be seen in isolation from the notion of socially responsible territories and the territorial governance of industrial change through 'the generation and development of new businesses, new professional profiles and more and better jobs, while preserving the European social model' <sup>(45)</sup> and focusing on a knowledge-based economy' and through an integrated territorial approach in order to encourage 'optimising environmental protection during economic and industrial change' <sup>(46)</sup>. During the period 2000-2005, EU expenditure on environmental protection reached an annual average of circa 1,7 % of industry value added <sup>(47)</sup>.

3.9.7 The integration of environmental aspects into European standardisation has been addressed in several EESC opinions <sup>(48)</sup>, where the Committee states it is 'convinced of the need to speed up the standardisation process without weighing it down, thereby ensuring development and high quality in all spheres of the internal market, including the environment. The aim must be to make the process efficient and inexpensive and to minimise red tape, whilst building the capacity of Member States' institutions as a preparatory measure.'

3.9.8 The Committee would reiterate the need for compatibility between environmental regulations and non-binding standards, which are based on greater awareness of environmental considerations and quality; furthermore, there is a need to promote more flexible codes of conduct that can provide eco-friendly standardisation processes for firms and for SMEs in particular.

<sup>(42)</sup> EESC members have called repeatedly for the Committee's headquarters to undergo EMAS certification, as the Commission has suggested for its own buildings.

<sup>(43)</sup> OJ C 318, 23.12.2006 — the role of civil society, rapporteur: Mr Ehnmark.

<sup>(44)</sup> OJ C 169, 6.7.1992 on the Green Paper Promoting a European framework for corporate social responsibility, rapporteurs: Ms Hornung-Draus, Ms Engelen-Kofer and Mr Hoffelt; OJ C 223, 31.8.2005 on Information and measurement instruments for CSR in a globalised economy, rapporteur: Ms Pichenot; OJ C 325, 30.12.2006 on Implementing the Partnership for growth and jobs: Making Europe a pole of excellence on corporate social responsibility, rapporteur: Ms Pichenot.

<sup>(45)</sup> OJ C 185, 8.8.2006, rapporteur: Mr Ehnmark.

<sup>(46)</sup> OJ C 318, 23.12.2006 on The territorial governance of industrial change: the role of the social partners and the contribution of the Competitiveness and Innovation Programme (own-initiative opinion), rapporteurs: Mr Pezzini and Mr Gibillieri.

<sup>(47)</sup> Industry GVA is currently 22 % of GDP (71 % services; 5 % construction and 2 % agriculture), source: EUROSTAT.

<sup>(48)</sup> 29.11.2001; OJ C 117, 30.4.2004 and OJ C 74, 23.3.2005, rapporteur: Mr Pezzini.

3.9.9 The Committee believes that it is particularly important to align **public procurement** contract details with environmental protection and sustainability requirements, both in public works and concessions, and in the 'excluded sectors'.

#### 4. General comments

4.1 The Committee believes that, given the close interconnection between competitiveness, energy and environmental issues, which have a significant impact, in particular on many basic and intermediate goods industries, thus requiring major structural adjustment in the manufacturing industry, there is a need for a closely coordinated, integrated approach to a number of policies and instruments, at various levels, backed up by simplification procedures and a continuous attack on red tape, especially for SMEs.

4.2 In order to ensure the coherence of individual initiatives, whilst improving both sustainability and competitiveness, the Committee believes there is a need for:

- the balanced participation of all stakeholders with the objective of creating a stable and predictable regulatory framework where competitiveness, energy and environment go hand in hand;
  - a fair balance between standardisation and regulation and voluntary self-regulation;
  - support mechanisms to encourage structural adjustment and the quest for new, clean, competitive technologies;
  - training and reskilling for firms, including both management and workers, in order to pursue sustainable industrial change that can create new jobs and new competitive potential;
  - a systematic *ex-ante* and *ex-post* impact assessment of regulatory and voluntary instruments and policies to ensure consistency, effectiveness and sustainability;
  - greater involvement of consumers, producers and distributors, both upstream, in the design stage, and downstream, in the monitoring and evaluation of application and compliance with implementing measures;
  - safeguarding the European single market to provide a proven, genuinely level playing field — including from the standpoint of environmental standards — at internal and international level;
- 4.3 Measures to integrate environmental considerations into industrial activities have yielded important results, enabling the EU manufacturing industry to achieve a reduction of over 11 % in carbon dioxide emissions from 1985 to 2000, while output in the sector grew by 31 % over the same period <sup>(49)</sup>. Moreover, manufacturing has been totally decoupled from emissions of acidifying gases and ozone precursors, whilst it has been relatively decoupled from the use of energy and raw materials.

<sup>(49)</sup> Cf. EIPRO, Commission, JRC, May 2006.



4.4 The Committee is convinced that environmental protection can offer new opportunities for dialogue between the social partners and civil society — both at inter-professional and sectoral level — with a view to launching sustainable industrial change processes.

4.5 More resources must be dedicated to research and design in order to resolve problems at source and maintain high production and employment levels, rather than resorting to exchanges of certificates without getting to grips with the real problems.

4.5.1 The Committee believes that using a long term view and roadmaps to address the challenges posed by environmental objectives makes it easier — as in the case of the European Steel Platform — to fine-tune and coordinate the instruments and resources available, in order to make the most of access to scientific excellence and technological know-how.

4.5.2 National legislation transposing European directives and regulations should give various incentives to encourage a new approach to product design, making recycling of these products more effective.

4.6 Competitiveness, energy and environment policies are closely intertwined and have a significant impact, particularly on many basic and intermediate product industries.

4.7 Support for a sustainable industry requires the balanced participation of all stakeholders, in order to create a stable and predictable regulatory framework where competitiveness, energy and environment go hand in hand. Issues to be addressed include:

- concrete implementation of better regulation principles;
- climate change, particularly the emissions trading scheme;
- initiatives to promote energy-efficiency and renewables;
- the operation of energy markets, particularly the electricity market;
- implementation of the thematic strategy on the prevention and recycling of waste, and related legislation;

Brussels, 12 December 2007.

— the improvement of resource efficiency and the uptake of environmental and other innovative technologies.

4.8 With regard to environmental policies that target 'local public services' such as air quality and municipal parks, it is obvious that changes in 'environmental quality' have considerable local repercussions in terms of housing costs, employment, involvement of the less well-to-do classes in environmental protection decisions and, ultimately, their ability to apply efficiency standards in order to save energy.

4.8.1 Turning to employment, while obsolete jobs are largely being replaced by jobs created in the public and private sectors, the tertiary sector requires a huge training programme to refocus professional profiles towards an environmental approach, backed up by a European strategy for sustainable mobility.

4.9 In order to strengthen the effectiveness and positive impact of environmental protection measures, the Committee believes there is a need to ensure there is an international dimension to Community coordination actions. It is important that Europe can ensure maximum global commitment and compliance with environmental protection requirements, including by inserting appropriate environmental compliance clauses in negotiated agreements. In particular the rules of international commerce ought to take account not just of social but also of ecological dumping <sup>(50)</sup>, and encourage environmental technology transfers and the implementation of eco-innovation across the globe <sup>(51)</sup>.

4.10 In this connection, there is a need to encourage and support initiatives to define ambitious but feasible roadmaps, in order to develop international sectoral benchmarks for energy efficiency and the reduction of harmful emissions, based on best available technologies (BAT <sup>(52)</sup>).

4.11 The European Union must persist with the industrialised countries and major emerging countries — in particular China and India — in its quest for new avenues that can lead all countries towards sustainable development. This could involve reframing Community development policy <sup>(53)</sup>.

The President  
of the European Economic and Social Committee  
Dimitris DIMITRIADIS

<sup>(50)</sup> Cf. Green Paper on Better Ship Dismantling, COM(2007) 269 of 22 May 2007.

<sup>(51)</sup> Council Conclusions on giving a new impetus to EU environment policy, 28.6.2007.

<sup>(52)</sup> BAT = Best Available Technologies.

<sup>(53)</sup> See the Sustainability Impact Assessments (SIA) under the EPA negotiations with ACP countries (cf. Exploratory opinion REX/189 — OJ C 65, 17.3.2006, rapporteur: Mr Pezzini, co-rapporteur: Mr Dantin).