



## Manual of European Environmental Policy

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# Environmental policy integration in the EU

## The development of environmental policy integration in the EU

Environmental policy integration (EPI) is the process of placing environmental considerations at the heart of decision-making in other sectoral policies such as energy and agriculture. Environmental objectives, therefore, become central to the decision-making process relating to a particular sector rather than being pursued separately through purely environmental policy instruments. Environmental integration is achieved by changing the ways in which institutions function and altering the resulting sectoral policies. In the sectors with the most environmental impact, including agriculture, trade, regional development and fisheries, many key decisions are taken at European Union (EU) level. Action at this level is therefore essential to promote integration.

The rise of EPI in the EU is reflected in the series of (Environmental Action Programmes (EAPs)) of the EU. The first EAP (1973–1976) already hinted at the need for an integrated approach arguing that ‘effective environmental protection requires the consideration of environmental consequences in all technical planning and decision-making processes at national and Community level’. However, the idea of integrating environmental considerations into other EU sectoral policies was first more explicitly identified as a key objective in a Commission Communication of 1980 on ‘*Progress made in connection with the EAP and assessment of the work done to implement it*’ ([COM\(80\)222](#)) where the Commission stated that priorities should include:

‘measures designed to give greater consistency between the exigencies of environmental policy and those of other policies such as agricultural policy, regional policy, energy policy and transport policy by dovetailing environmental policy into those policies more effectively’.

This passage became the forerunner to the EU’s third EAP (1982–1986), which placed integration at the top of its list of items declared to be important. The fourth Programme (1987–1991) proposed developing internal procedures and practices to ensure integration took place routinely in relation to other policy areas.

The integration principle was given force of law in the European Community by the (1986 Single European Act), which included it among the general principles of EC environmental policy set out in what was then Article 130r(2) of the Treaty, and was further strengthened by the 1992 Maastricht Treaty which restated it in the following terms:

‘Environmental protection requirements must be integrated into the definition and implementation of other Community policies’. (Article 130r(2))

This Treaty revision was reflected in the fifth EAP, *Towards Sustainability*, which shifted its focus from environmental problems to addressing the fundamental causes of environmental degradation, giving special attention to integration in five target sectors: agriculture, transport, tourism, energy and industry.

Despite the inclusion of the integration requirement in the EC Treaty, a 1994 Commission review of progress in implementing the fifth Environmental Action Programme (COM(94)453) noted the ‘insufficient awareness of the need and a lack of willingness to adequately integrate environmental and sustainable development considerations into the development of other policy actions’. The unsatisfactory nature of the Treaty integration requirement contributed to this limited progress, in particular the phrase ‘other Community policies’ was considered insufficiently precise, leaving open the possibility that it only applied to some policies. The reference to ‘development and implementation’ also caused confusion in that it obscured the locus of responsibility (Community or Member State?) for securing integration. Finally, there was no explicit link between integration and the broader commitment to ‘sustainable growth’ that had been inserted in Article 2 of the EC Treaty (now Article 3 of the TEU).

Some of these issues were addressed by Treaty amendments introduced by the 1997 Amsterdam Treaty, which entered into force in May 1999. The amendments gave the integration principle a much higher profile, as well as making an explicit link between integration and sustainable development. Article 2 of the Treaty now places sustainable development among the EC’s primary objectives, followed by Article 6, which specifically requires that:

‘Environmental protection requirements must be integrated into the definition and implementation of (all) Community policies and activities ... *in particular with a view to promoting sustainable development*’ (emphasis added)

Despite these developments in the EAPs (especially the fifth EAP, see below) and Treaties, it is interesting to note that outside of DG Environment little actual action had been taken to implement the principle until 1998, with the start of the Cardiff Integration Process (see below) and later attempts to green the budget (see below).

## **Mechanisms to support Environmental policy integration**

### ***The Fifth EAP***

The fifth EAP developed an approach of dialogue and joint responsibilities to pursue environmental integration. Rather than attempting to regulate integration, the fifth EAP hoped to involve policy makers and stakeholders in a co-operative process that would result in the penetration of the idea of EPI into all sectors. This EAP pointed out the limitations of top-down regulation and aimed ‘to achieve full integration of environmental and other relevant policies through the active participation of all the main actors in society’. Therefore, the fifth EAP called for a bottom-up approach and influence to change the attitude and behaviour of stakeholders in non-environmental sectors<sup>1</sup>.

Although the fifth EAP addressed all levels of government (from the local to the EU level, as well as private actors), only the Commission made efforts to put the EPI principle into practice. The Commission's integration arrangements were adopted in 1993 in the Communication *Integration by the Commission of the Environment into other Policies* (SEC(93)785/5). This proposed the following five key actions:

- The establishment of a new integration unit in DG Environment, reporting directly to the Director General.
- The designation of integration 'correspondents' within each of the Commission's DGs.
- Environmental appraisal of all policy proposals with significant environmental effects – with proposals to be indicated by a green star in the Commission's legislative programmes.
- Annual evaluations of the environmental performance of each DG – to be published in the annual General Report on the Activities of the European Union.
- A code of conduct for the Commission, covering green housekeeping issues.

However, the outcome of these measures has been recognized as disappointing and never really achieved the support from other DGs that DG Environment had hoped for. DG Environment's disappointment with the integration procedures was reflected in the 1995 Progress Report on the fifth EAP (COM(95)624):

'The measures so far have had limited impact... progress has varied according to sectors, but the message of the Fifth Programme has not been sufficiently integrated in operational terms within the Commission... It will require continued adequate resources and sustained commitment'.

Following signature of the Amsterdam Treaty in 1997, and in recognition of the need to improve upon existing efforts, the Commission renewed its commitment to integration by reinforcing old measures (and adding some new ones, mostly components of capacity building and more central environmental control (IP/97/636)). These were:

- Environmental appraisal – of all policy proposals at an early stage in their development to assess positive or negative environmental consequences, including effects on environmental quality, biodiversity, energy and resource consumption, waste flows and land use. Where the appraisal shows that the proposal is likely to have a significant impact on the environment, the environmental consequences should be assessed in more detail, with the assessment forming an integral part of the proposal presented.
- Sectoral policy statements – on the environment and sustainable development by each DG stating where and how integration will be achieved. These should set out issues such as the political objectives to be pursued, identify principles to guide work in the specific policy area, ways of implementation, specific projects on which to focus, the resources to commit and define joint actions with other DGs. Plans are to be updated on a regular basis.

- Reporting – on integration and implementation, including an independent evaluation of achievements to be carried out under the auspices of DG Environment. Integration is to be discussed annually in the context of its work programme. It will also improve information provided in the General Report of the Commission.
- Green stars in the annual Commission work programme – for legislative proposals which need detailed assessment of their environmental consequences.
- Environmental Integration Correspondents – a senior official nominated by each DG close to the policy-making process, responsible for ensuring that policy proposals take account of the environment and the need to contribute to sustainable patterns of development.
- Greening the budget – the Commission will analyse the effects on the environment of Community funding, in particular in relation to agriculture, energy, transport and development policies, as well as the Structural Funds, and ensure the necessary structures are in place to achieve the objectives of greening the budget.
- Green housekeeping – the Commission is to accelerate its efforts to apply the highest standards of environmental care in its administrative policies.
- Training programmes – for Commission staff on environmental appraisal and integration.

Of these, two proposals are worthy of note: First, the proposal on Green Budgeting proposed that the Commission analyse the effects on the environment of Community funding, in particular in relation to agriculture, energy, transport and development policies, as well as the Structural Funds, and ensure the necessary structures are in place to achieve the objectives of greening the budget (see below). Second, the ‘Green Star’ appraisal system for new legislative proposals was not widely implemented outside of DG Environment. However, a Commission review of the system showed that it needed revision and the Commission subsequently considered replacing it (see below).

In comparison, the sixth EAP (2002–2012) offers less concrete measures to ensure EPI. Instead, it talks in a general way about the possibility to ‘establish where necessary additional “integration” mechanisms within the Commission’; ‘continue to stimulate commitments to implement the Treaty requirements on environmental integration’; further develop indicators to monitor and report on the progress of sectoral integration. Therefore, while the sixth EAP continues to support the principle of EPI, it has not strengthened implementation mechanisms in the same way that the fifth EAP attempted.

### ***The EU budget***

Joint efforts from the Parliament and the Commission to green the EU budget have met with some success. The European Parliament has since 1975 been responsible for granting the Commission a discharge in respect to implementing the EC (now EU) budget. The Parliament’s Budgetary Control Committee could take into account the extent to which the Commission departments have fulfilled the requirement to integrate environmental considerations into their respective activities. The potential for using its budgetary powers were exploited for environmental ends in the 1990s,

based on a long-term process of inserting environmental conditions within key EU budget lines. It involved a close triangular relationship between the Parliament's separate committees on budgets and the environment, and a few key officials in DG Environment of the European Commission.

For the 1996 budget, the Parliament's proposed amendments focused mainly on the [Structural and Cohesion Funds](#) which were responsible for over one-third of total budgetary appropriations. It also included some 'non-compulsory' expenditure over which the Parliament has the final say. The Committee's key amendments to the draft budget threatened to freeze 50 per cent of the Structural and Cohesion Funds unless the Commission published, by 15 November 1995, a code of conduct governing the future use of the Funds. The Code was to require environmental appraisals of every programme and project to be financed by the Structural and Cohesion Funds, the continuous monitoring and evaluation of the environmental impacts of the expenditure under the Funds, and regular reports on the above to the Parliament and Council. According to the Committee's opinion, only if this first stage of 'greening' the budget was a complete success 'will genuine integration with other Community policies be possible in the future'<sup>2</sup>.

This action led to the Commission publishing a Communication, drafted jointly by DG Environment and DG Regional Policy, on Cohesion Policy and the Environment ([COM\(95\)509](#)). The document contained a ten-point plan for tightening environmental conditions for the use of the Structural Funds. In addition to the Communication, a letter of intent was also signed by the Commissioners for Budget and Regional Policy, making similar commitments, including a commitment that all Structural and Cohesion Funds projects above ECU 50 million would undergo an environmental appraisal to establish that there were no detrimental environmental effects, or that such effects would be adequately compensated. The Budget Committee was satisfied with this response, calling it a 'serious effort to strengthen the environmental dimension of budget implementation' and the threat to block Structural Funds spending was withdrawn. The 1996 EU budget, as finally agreed with the Council, included the following statement alongside budget lines dealing with Structural and Cohesion Funds

'... appropriations for the structural funds cannot be implemented unless the measures financed by these funds comply with the provisions of the treaties and acts pursuant thereto, in particular those concerning environmental protection ...'

A resolution of the Parliament in February 2000 reminding the Commission of its obligation was also one of the key factors prompting the Commission in the same year to threaten to withdraw Structural Funds support from non-compliant Member States (for instance if Member States did not comply with important provisions of the Habitats Directive [92/43/EEC](#) [79/409/EEC](#)). Failure to fulfil these commitments could result in the suspension of payments allowed for in Article 39 of the Structural Funds Framework Regulation (EC) No [1083/2006](#). A similar statement was issued by Franz Fischler, then Agriculture Commissioner, and Margot Wallström, then Environment Commissioner, this time referring to the Rural Development Regulation (EC) No [1698/2005](#) stressing that rural development plans should take sufficient account of the implementation of the [Nitrates Directive 91/676/EEC](#) and the Habitats and Birds

Directives if payments are to be approved. This co-ordination between different DGs has led to more concerted efforts to implement EU environmental policy, particularly the Habitats Directive.

Once again, almost a decade later, ‘Greening the Budget’ came onto the EU agenda in the context of the [EU Budget Review](#) debate. This debate has been fuelled by a number of critical reports from NGOs pointing out the support given to high carbon projects in particular by the Structural and Cohesion Funds. By the end of 2009 it was widely argued, including within the Commission, that the future EU budget post-2013 should be ‘climate proofed’.

### ***The Cardiff Integration Process***

The European Council took on a more concrete role in promoting environmental integration following signature of the Amsterdam Treaty in 1997, including the new integration requirement in Article 6 of the EC Treaty. The issue was initially taken up at the Luxembourg Summit in 1997, and the ‘green baton’ was then passed on to a succession of Council Presidencies (United Kingdom, Austria, Germany and Finland). At Luxembourg, on the initiative of the Swedish government, the Commission was asked to produce a strategy to integrate environment into other policy areas. This led to a Commission Communication, *A strategy for integrating environment into EU policies – Partnership for Integration* ([COM\(98\)333](#)) presented to the Cardiff European Council in June 1998. The document set out practical steps for implementing the integration principle within the three EC institutions: the Commission, the Council and the Parliament.

The UK Government sought to translate this process into practical steps and the Cardiff Summit subsequently invited all relevant ‘formations’ of the Council to establish their own strategies for giving effect to environmental integration and sustainable development within their respective policy areas. They were also to monitor progress, taking account of the Commission’s guidelines and identifying indicators. Three sectoral Councils (Agriculture, Transport and Energy) were to start the process, by now known as the ‘Cardiff Process’, and initial reports on progress were to be submitted to the Vienna European Council in December 1998. Heads of State and Government meeting in Cardiff also endorsed the principle that major Commission proposals should be accompanied by an appraisal of their environmental impact.

Subsequent Summits in Vienna and Cologne (respectively, December 1998 and June 1999) extended the list of Councils to cover Development, Internal Market and Industry, and Fisheries, General Affairs and ECOFIN (predominantly involving economic/finance Ministers). A progress report was produced by the Commission in May 1999 *From Cardiff to Helsinki and beyond* ([SEC\(99\)1941](#)) and submitted to the Cologne European Council, and further Commission reports on progress on integration and indicators *Report on environment and integration indicators to Helsinki summit* ([SEC\(99\)1942](#)) were submitted to the Helsinki European Council in December 1999. Final strategies from the Transport, Agriculture and Energy Councils were also submitted at that time. Progress on the different strategies, and possibly including targets and timetables, was to be revisited at the June 2001 Gothenburg Summit under Sweden’s Presidency of the Council.

The Swedish Presidency of the Council, during the first half of 2001, placed significant emphasis on the Cardiff Process and managed to generate further ‘outputs’ in eight of the nine affected Councils. Due to the perceived weaknesses of the strategies, however, there was some debate as to how the Cardiff Process could be improved in the future, if it was to continue at all. Although the Cardiff Process had helped to put EPI firmly on the top of the EU agenda, the actual progress towards integration was weak and the strategies were critically reviewed by a number of reports commissioned by Member State governments<sup>3, 4</sup>. The strategies were criticized for being vague and incomplete with a tendency to treat existing policies as ‘given’ and hence not open to change. The value added by the strategies was quite low. Their quality varied but some offered little more than a description of past policies, extant legislation, and new initiatives already in the pipeline. Added to this, the Commission’s own analysis of the strategies in 1999 ([SEC\(1999\)1941](#))\_ found that they should have contained more detailed analysis of the causes of environmental changes and measures to address them rather than simply describing existing trends and listing ‘end-of-pipe’ solutions that the EU had already adopted. In light of these criticisms, the Cardiff Process soon lost credibility and momentum. By 2001 the process was faltering. Enthusiasm had dropped so low that serious questions were being asked about whether Cardiff should continue and if so in what form.

The Gothenburg European Council Presidency Conclusions of June 2001 secured a future for the Process, inviting the Council ‘to finalise and further develop sector strategies ... with a view to implementing them as soon as possible and present the results of this work before the Spring European Council in 2002.’ The same conclusions also called for the Council Secretary General to present to the Laeken Summit in December 2001, detailed suggestions on *inter alia* effective co-ordination between different Council formations. The Presidency Conclusions of the Barcelona Spring 2002 Summit noted that ‘relevant Council configurations, including ECOFIN and General Affairs, have now adopted their strategies for integration of environmental concerns, and the Fisheries Council has also taken the necessary steps for this integration in the context of its forthcoming review’.

The Environment Council (October 2002) called upon the Summit to reinforce the Cardiff Process, in particular by calling upon relevant Council formations to put into practice the decoupling of economic growth from resource use and environmental degradation, under the co-ordination of the General Affairs and External Relations (GAERC) Council, and to give an account of integration actions and achievements at the Spring Summit every two years, starting from 2003 or 2004 as appropriate. The Council also invited the Summit to add Education, Health, Consumer Affairs, Tourism, Research, Employment and Social Policies to the list of Council formations invited to develop integration strategies. At the same time, the Commission was asked to introduce an annual stocktaking of the Cardiff Process and to consider including the conclusions of this stocktaking in its yearly Synthesis Report, and to further develop these exercises in the coming years. The Council also invited the Commission to develop overall EU decoupling objectives and, as appropriate, sector-specific decoupling objectives. Some of these issues were subsequently taken up by the Spring 2003 European Council, which called for the effectiveness and coherence of existing strategies, processes and instruments to be enhanced, *inter alia*, ‘by strengthening the Cardiff Process on integrating environmental considerations into sectoral policies and developing overall and sector-specific decoupling objectives’.

The Commission's 2003 Environmental Policy Review (EPR) also referred to the Cardiff Process, which was seen to have produced positive results. However, in order to improve the consistency and implementation of existing strategies, the Commission suggested a stocktaking exercise to identify priority actions to revitalise the process and examine whether sufficient emphasis was placed on strategy monitoring, implementation and review to ensure that Council configurations deliver on promises made (see above). To further integration at national level, the EPR proposed a preliminary comparative analysis of national Sustainable Development Strategies was carried out to ensure consistency between objectives and identify good practices.

The first annual Cardiff stocktaking report was eventually adopted in June 2004 but not in time for the Spring Review as hoped for. It took the form of a Commission Working Document *Integrating environmental considerations into other policy areas - a stocktaking of the Cardiff Process* ([COM\(2004\)394](#)). The stocktaking includes a review of the status of integration in the 'Cardiff sectors', covering actions taken to date and recent policy developments. The stocktaking concluded that the Cardiff Process had produced mixed results. On the positive side, it had helped bring about concrete improvements in some sectors – for example the Commission's initiatives on renewable energy and energy efficiency as well as the 2003 and 2004 CAP reform. However, a general lack of consistency was identified alongside the lack of political commitment in some sectors. The report concluded that the 'Cardiff Process has failed to deliver fully on expectations' and emphasized the slow pace of progress with implementing the strategies since 'many of the "low hanging fruits" of integration have already been picked'.

Currently, the Cardiff Process is in limbo. It is clear that many of the Council configurations interpreted the process as a one-off exercise and regarded their work as finished once they had written the strategies<sup>5</sup> and the whole process had flagged<sup>6</sup>. The 2004 Spring Council responded very negatively to the stocktaking exercise. This was partly because the Communication was produced too late to be formally considered but also because the Presidency Conclusions indicated that the priority issues were economic growth and 'more and better jobs'. The environmental section, which comprised only four paragraphs out of 80 and was pointedly re-titled 'Environmentally Sustainable Growth', did not even refer to the Cardiff Process by name. Any reference to the future of the Cardiff Process, explicit or implicit, was absent from the 2005 Spring Council Conclusions and prior intentions by the UK presidency later in the year to revive it in the end lacked substance. In the years since, no further progress has been made.

Table 1 provides a list of relevant reports and strategies released between 1998 and 2002.

### ***The Sustainable Development Strategy***

The EU Sustainable Development Strategy (SDS), *A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development* ([COM\(2001\)264](#)), prepared by the Commission and partly endorsed at the Gothenburg European Council in June 2001 is also relevant to the implementation of EPI in the EU. While EPI was not explicitly mentioned, improved policy coherence was. The Strategy stated that:

‘Sustainable development should become the central objective of all sectors and policies. This means that policy makers must identify likely spillovers – good and bad – onto other policy areas and take them into account. Careful assessment of the full effects of a policy proposal must include estimates of its economic, environmental and social impacts inside and outside the EU’.

This introduced a new complexity to achieving EPI because it allowed environmental concerns to be weighed up against other policy objectives. In a document setting out the EU’s contribution to global sustainable development, *Towards a Global Partnership for Sustainable Development* ([COM\(2002\)82](#)) the Commission argued that

‘sustainable development must strike a balance between the economic, social and environmental objectives of society, in order to maximise well-being in the present, without compromising the ability of future generations to meet their needs’.

This change of emphasis can also be seen in the Commission’s Impact Assessment (IA) regime (see below) governing the appraisal of new Commission proposals. However, this new broader interpretation created a problem for an integration-type exercise such as Cardiff. Put simply, were the institutions supposed to integrate the environment into sectoral policies as a contribution to sustainable development, *or* to integrate *all* three Pillars into sectoral policies?

This emphasis on the three Pillars of sustainable development is hugely significant with regards to how the EU acts. It leaves significant scope for flexibility in interpretations of what counts as sustainable development. While the EU Sustainable Development Strategy speaks of ‘difficult trade-offs’ between the three Pillars’, instructions on how this should be achieved are rarely given. More often than not, how this balance is struck, is shaped by the political conflicts between different actors, each of which has its own preferred (or ‘sectoral’) interpretation of sustainability.

When ‘balancing’ the three Pillars, DG Environment tends to focus mostly on environmental issues, whereas DG Agriculture, for example, focuses more on issues related to the other two Pillars and it is the economic ones that attract the most attention<sup>7</sup>. Environmental concerns can often be perceived to be a constraint on economic growth and social cohesion, and therefore something to be minimized. In its ‘*Interim review of implementation of the European Community Programme of policy and action in relation to the environment and sustainable development*’ the Commission admitted that there is ‘a widespread belief that the promotion of sustainable development is the business of those who deal with the environment’ ([COM\(94\)453](#)). The sometimes less than satisfactory attention to the environment pillar of sustainable development can be seen in its low priority in the Spring Reviews of the Lisbon Process which link environmental issues with the EU’s programme for social and economic reform to enhance jobs and growth (see the [section on the Sustainable Development Strategy](#)).

## ***Impact Assessment***

The Commission began to develop a proposal to examine the environmental consequences of new legislative proposals and marking them with a 'green star'. However, it was soon clear that the system was not fit for purpose (in fact it had never been put to use) and the Commission subsequently considered replacing it. The principle that all major Commission proposals should be accompanied by an appraisal of their environmental impact was endorsed by Heads of State and Government at the Cardiff Summit in June 1998, reflecting a Declaration attached to the Treaty of Amsterdam. The Commission's 2001 Communication on an EU Sustainable Development Strategy again referred to the need for strategic assessment, although widening this to cover environmental, as well as social and economic impacts. As stated in the Gothenburg European Council Presidency Conclusions of June 2001, mechanisms to ensure all major policy proposals include a 'Sustainability Impact Assessment' (SIA) were to be presented to the Laeken Summit in December 2001, as part of a broader Commission action plan for better regulation. A Commission Communication on *Simplifying and Improving the Regulatory Environment* was adopted in December 2001 ([COM\(2001\)726](#)) setting out the basic approach to SIA. Details of the new procedures were set out in a further Communication on Impact Assessment (IA) published in June 2002 ([COM\(2002\)276](#)). According to the latter Communication, all major Commission proposals and initiatives were to be subject to a new, integrated, IA procedure from Autumn 2002. The aim was to identify all positive and negative economic, social and environmental impacts of a proposed measure and its alternatives. It would also provide a more structured framework for consultations with stakeholders. The Communication was intended to 'streamline and reinforce' all existing Commission assessment systems, including the 'green star' procedure.

Assessments would be undertaken at two levels of detail. A brief, preliminary IA would need to accompany all proposals appearing in the Annual Policy Strategy that is agreed by the Commission each February for the following year. In agreeing the annual strategy, the College of Commissioners (advised by the Secretariat-General) would identify those measures that require an extended IA on the grounds that they are likely to have particularly significant social or environmental impacts. Sufficient progress on this more detailed assessment would have to be shown for the proposal to be included in the Commission's more detailed Annual Work Programme, which was to be agreed in October or November each year. The extended IA would then need to be completed by the responsible Directorate-General before the proposal can undergo inter-service consultation with other relevant departments. Those measures which are essentially cross-sectoral would be identified by the Secretariat-General for assessment by an inter-departmental group, rather than an individual DG. The system was applied for the first time to measures proposed for the Annual Policy Strategy for 2004. The system was expected to be fully operational by 2004/2005. The Commission 2003 Annual Work programme included 42 items to be subject to extended assessment, including several environmental initiatives.

An early evaluation of the IA process was critical of both the content of the IAs themselves and also the IA system<sup>8</sup>. In particular, a report by IEEP found that 'none of the 2003 IAs followed the Commission's Guidelines fully' and in addition the use of tools or models was lacking. The policy problem to be addressed tended to reflect the perspective of the responsible DG which limited the scope of the IAs. The

Commission's own review document in 2004 admitted a lack of consistency in methodology in the early IAs. The IEEP report also criticized the IA system overall for lacking transparency and public consultation. Both of these characteristics would be essential to a successful IA process since the Commission itself stated that the IAs were intended to be a method of focus for consultation and discussion (a central IA site was set up eventually in August 2004 to assess all available IAs). The report also argued that the whole system neglected sustainable development issues altogether as very few IAs were produced, and those that were gave more attention to economic impacts. Of the 43 policies earmarked for an extended IA, only 16 were completed by early 2004. Another five proposals not originally selected were in fact subject to one, making 21 extended IAs from a total of 580 proposals listed in the Commission's 2003 Work Programme. Those proposals not selected included several with significant effects on aspects of sustainable development and the report accused the Commission of selecting the policies to undergo an extended IA as 'the result of political bargaining rather than through the application of any clear criteria'.

After an initial learning phase, the Commission updated the IA procedure starting with an exploratory document *Impact Assessment: Next steps in support of competitiveness and sustainable development* ([SEC\(2004\)1377](#)). This document emphasized competitiveness and issues of administrative burdens when considering IA, a theme which was continued and reinforced in the related document *Better Regulation for Growth and Jobs in the European Union* ([COM\(2005\)97](#)) and in the revision of the IA guidelines ([SEC\(2005\)791](#)), published in June 2005. The revised Guidelines proposed a slightly new procedure whereby all policy proposals (items on the Commission's Work Programme) had to undergo a screening 'Roadmap' instead of a preliminary IA, which was to be published in parallel with the Work Programme. The extended IA had been replaced by a simpler IA 'in order to better reflect the principle of proportionate analysis and the fact that certain IAs may remain relatively limited also in the second stage' ([SEC\(2004\)1377](#)). The IAs were to be carried out on the basis of proportionate analysis, that is the 'impact assessment's depth and scope was to be determined by the likely impacts of the proposed action' ([SEC\(2005\)791](#)).

This blanket approach of IAs to all items in the Work Programme also covered proposals that were not well suited for IAs (such as broad, policy defining communications). On the other hand, some proposals with potentially significant impacts were not included in the Work Programme, and hence are exempt from IAs. In general, the revised guidelines emphasized the assessment of economic and competitiveness impacts and consideration of administrative costs, as well as required examination of measures that would be alternatives to conventional regulation<sup>9</sup>.

In 2009 the Commission published revised IA guidelines ([SEC\(2009\)92](#)) and these do not actually define which Commission initiatives need to be accompanied by an IA. This is decided each year by the Secretariat General/IA Board and the departments concerned with an IA being required 'for the most important Commission initiatives and those which will have the most far-reaching impacts'. This would usually, but not necessarily always, cover items in the Work Programme but also items outside it, such as those linked to comitology. The guidelines introduced the following changes to the previous IA guidelines:

- Strengthened requirements for assessing subsidiarity.

- The alignment of Commission initiatives' with the EU Charter of Fundamental Rights has to be ensured.
- Specific attention is given to re-distributional impacts and impacts on poverty and social inclusion, both in the EU and in third – especially developing – countries.
- Further guidance on how to assess impacts on consumer interests.
- Improved guidance on how to assess and quantify impacts on SMEs (the so-called 'SME test').
- Guidance for quantifying and monetizing CO<sub>2</sub>, and references to best practices for assessing different types of compliance costs.
- Improved and simplified guidance for the estimation of administrative burdens on businesses by providing new tools to facilitate the calculation of these.
- A more differentiated presentation of likely impacts at regional and local levels, when this is relevant, especially when the effects of proposed actions may have very concentrated effects in a limited number of localities and regions.
- Provision of a structured list for identifying potential obstacles to compliance by the group whose behaviour is meant to change, and any incentives that might increase compliance.

The role of the IA Board is central in the new guidelines with a role in several of the IA stages in terms of advice and quality control. The IA Board was created on 14 November 2006. It is chaired by DG SEC GEN with other members from DG ECFIN, DG EMPL, DG ENTR and DG ENV, based on these DGs direct expertise in the 3 Pillars of sustainable development. The main features of the IA Board are as follows.

- The Board provides independent support and quality control for Commission IAs. It is supported by a secretariat provided by the Secretariat-General of the Commission.
- The five Members of the Board are appointed by the President of the Commission for a two-year term. They act in a personal capacity, not as representatives of their services.
- The results of the quality control are reflected in opinions of the Board which accompany the corresponding policy proposals throughout the Commission's decision-making process and are then made publicly available.
- The Board discusses its preliminary findings with the authors of the IA before issuing an opinion.
- For IAs which require substantial improvements, the Board requests a revised version to be submitted on which it issues an additional opinion ('resubmission').

In September 2010, the European Court of Auditors published a report<sup>10</sup> on the role of IA in supporting decision-making in the EU institutions. The period of the reviewed IAs was 2003-2008 and it conducted by comparing specific elements of the IA system with national Regulatory Impact Assessment elsewhere, examining more than 100 Commission Impact Assessments produced over the period, and around 190 interviews. It also included views by the European Parliament and the Council. The audit supported findings from earlier research that the Commission's IA system is

quite unique, compared to national RIAs in its comprehensive approach to ensure that economic, social and environmental impacts are considered in a balanced way. The audit also concluded that IAs have been effective in supporting decision-making within the EU.

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**Table 1: Council and Commission documents under the ‘Cardiff Process’<sup>1</sup>**

| Council                | Luxembourg | UK                                     | Austria        | Germany  | Finland   | Portugal                       | France                       | Sweden   | Belgium             | Spain   | Denmark             |
|------------------------|------------|--|----------------|--|---|--------------------------------|------------------------------|--|---------------------|---|---------------------|
| Presidencies           | Jul–Dec    | Jan–Jun                                | Jul–Dec        | Jan–Jun  | Jul–Dec   | Jan–Jun                        | Jul–Dec                      | Jan–Jun  | Jul–Dec             | Jan–Jun   | Jul–Dec             |
|                        | 1997       | 1998                                   | 1998           | 1999   | 1999  | 2000                           | 2000                         | 2001   | 2001                | 2002  | 2002                |
| General documents      |            | Partnership for Integration COM(98)333 |                | Mainstreaming of environmental policy SEC(1999)777 | From Cardiff to Helsinki and beyond SEC(1999)1941; Indicators SEC(1999)1942 |                                |                              | Presidency synthesis report on progress and achievements |                     |   |                     |
| ‘First wave’ Councils  |            |  |                |  |   |                                |                              |  |                     |   |                     |
| Agriculture            |            |  | Council report | COM(1999)22  | Council strategy  | COM(2000)20 report; Commission |                              | Council annex/ report 5.2.2001; COM(2001)144             |                     |   |                     |
| Energy                 |            | COM(98)571                             | Council report |  | Council strategy  |                                |                              | Council resolution; SEC(2001)502                         | Council conclusions |   |                     |
| Transport              |            |  | Council report |  | Council strategy;   | COM(2000)264                   |                              | Council resolution; SEC(2001)502                         |                     |   | Council conclusions |
| ‘Second wave’ Councils |            |  |                |  |   |                                |                              |  |                     |   |                     |
| Development            |            |  |                |  | Council report; COM(1999)499  |                                |                              | Council strategy/ report; Commission working paper       |                     |   |                     |
| Industry               |            |  |                |  | Council report  |                                |                              | Council strategy; Commission report                      |                     | Council conclusions ‘Enterprise Policy and Sustainable Development’ | Council conclusions |
| Internal Market        |            |  |                | COM(1999)263                                       | Council report  |                                |                              | Council strategy   |                     | Council report  |                     |
| ‘Third wave’ Councils  |            |  |                |  |   |                                |                              |  |                     |   |                     |
| Ecofin                 |            |  |                |  |   |                                | Council report; COM(2000)576 |  |                     | Council report  |                     |
| General Affairs        |            |  |                |  |   |                                |                              | Council report; DG Trade Informal Paper; SEC(2001)508    |                     | Council Strategy; SEC (2002) 271                                    |                     |
| Fisheries              |            |  |                |  | COM(1999)363  | Council report                 |                              | Council report/ annex;                                   |                     | COM(2002)186  |                     |
|                        |            |  |                |  | COM(2001)143  |                                |                              |  |                     |   |                     |

<sup>1</sup> No Council integration ‘strategies’ appeared after 2002. The Commission’s overall stocktaking of the Cardiff process appeared in 2004 as COM(2004) 394