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## REVISITING THE EU SDS – CREATING THE CONDITIONS FOR SUSTAINABILITY

### 1 Introduction

The EU is a unique institution. Created initially as an economic trading block, it has since evolved into a Community that places – in its Treaties - sustainable development amongst its core principles, in order to contribute to the sustainable and equitable development of current and future generations.

The EU's commitment to sustainable development, and its attempt to promote sustainability at the international level, is highly commendable and marks the EU out from most countries, let alone regional economic organisations. In practice, however, the EU is struggling to live up to its own ambitions. Many environmental improvements have been made during the last two decades, often as a result of ambitious EU environmental policies. However, efficiency gains are in many cases being outstripped by sheer increases in the volume of activity. Depending on the sector, environmental improvements at home may also mask a growing tendency for the EU to import raw and processed materials, with the EU's global 'footprint' actually growing.

The transition to sustainable development is a phenomenal task, demanding radical changes in society. That in turns demands urgency and strong political leadership, even in the face of difficult decisions in the long term interest. In reality, while long term global sustainable development objectives are supported one day, the next day they lose out to short-term domestic considerations. The competitiveness agenda is a case in point. While competitiveness, as well as growth and jobs, are vitally important for Europe, they tend to trump sustainability issues rather being seen as an integral to them.

This paper identifies a number of critical issues that need to be reflected in a renewed EU Sustainable Development Strategy (SDS), to help push sustainable development to becoming the EU's *leitmotiv* for the 21<sup>st</sup> century. Success will ultimately depend on the willingness of politicians to champion sustainability, even in the face of adversity.

## **2 Repositioning sustainability**

### **2.1 *Reclaiming the language of SD***

Sustainable development is a concept that was introduced in order to bring economic activity and environmental protection in line with the needs of society. There is a particular onus on Europe to ensure that, through development that is sustainable, the needs of current and future generations can be met in a way that is also equitable. Sustainable development is therefore an extremely useful concept that unites three sets of objectives – social, economic and environmental – that are still being pursued separately and with insufficient respect for the other.

However, sustainable development as a concept loses much of its value when it is simply presented as a set of three equal pillars. This is arguably one of the reasons for continuing uncertainty as to what is involved in the transition to sustainable development, and thus also a lack of progress in this area. What is needed is a new approach to sustainable development that reflects:

- the different nature of the three pillars, with respect for the earth's carrying capacity a necessary precondition for social development, and economic activity a means of achieving social and environmental objectives; and
- the need for social and environmental objectives to reflect other parts of the world and future generations.

Recognising these issues, the EU SDS should seek to combine the three different strands into one coherent whole, so that all three objectives are pursued together. Until this is achieved, there will continue to be a strong need for strategies, such as the Cardiff Integration Strategies, that focus exclusively on 'injecting' environment or social objectives into economic decisions. In revamping its SDS, the EU should learn from regional and national efforts to adopt more holistic and integrated approaches, while firmly embracing intra and inter-generational issues.

### **2.2 *The SDS as the EU's overarching objective***

The linkage between the EU SDS and other strategic EU objectives, notably those associated with the Lisbon Strategy, has been far from clear, and has consistently served to weaken the EU SDS. Although it seems logical that the EU SDS would be the EU's overarching strategy, the way it has been linked to Lisbon and the annual Spring Summit review cycle has suggested that it is treated as a subset of Lisbon. The handling of the Spring Summit process and the low weight given to environmental considerations has naturally reinforced this view and has given rise to arguments in favour of delinking the SD and Lisbon strategies and their annual review processes.

Following recommendations of the European Economic and Social Committee,<sup>1</sup> the Commission document on the review of the EU SDS (COM(2005)37) and the March 2005 Summit conclusions provide a clearer interpretation of how the two strategies relate. The latter reaffirm that Lisbon itself should be seen ‘in the wider context of the sustainable development requirement that present needs be met without compromising the ability of future generations to meet their own needs.’

The review of the EU SDS provides an opportunity to dispel, once and for all, any confusion about SD’s position as the EU’s overarching objective, as set out in the basic European Community Treaty, with the EU SDS the primary and overarching strategy for delivering SD. Other EU strategic objectives and processes should be set firmly within this context. Thus, for example, the Lisbon Strategy becomes a means to achieving SD within the EU, based on strong long-term economic performance and full employment, but focusing on sectors and activities that ensure absolute decoupling of resource use and economic output, as well as attainment of high social standards.

### **3 Key features of a new EU SDS**

At the Gothenburg Summit in June 2001, a small set of objectives was agreed as elements of an EU SDS. A revised SDS should take these and other objectives, and place them within the context of a clear European vision and principles of SD, as well as a series of targets for getting there, and pathways for making the transition happen. Underpinning such a statement should be a set of institutional and monitoring arrangements, so that politicians and administrations are also held to account for their actions or inactions.

#### ***3.1 Presenting a clear vision and principles***

A single document spelling out the EU SDS is desirable in order to provide a clear vision of and commitment to sustainability, which can be easily conveyed both externally to the public and third countries, and internally to governments and administrations. While it is of course desirable for strategies to evolve over time, based on regular review and updating, it is unhelpful to have several separate documents, particularly when the status and relationship between them is uncertain.

Unfortunately, this has been the case to date (see insert), leading to confusion and working against the development of a coherent long-term vision. It has also acted as a major barrier to public engagement in sustainable development issues. Apart from the contents being unclear to most, the fact that they have been changed several times but not been synthesised into a single transparent document gives the impression that the goal posts are shifting all the time.

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<sup>1</sup> Opinion of the EESC on Assessing the EU sustainable development strategy – exploratory opinion, NAT/229, 28 April 2004.

### **What is the existing EU SDS?**

The EU made great strides in 2001 when a **Commission proposal** for a EU SDS was produced, and when Heads of State endorsed elements of the proposal at the **Göteborg Summit**. Reflecting the weak global dimension of the Commission proposal, a **Commission Communication** and **Council conclusions** were adopted in the first part of 2002. Later that year, the EU signed up to the **World Summit on Sustainable Development Plan of Implementation** and **follow-up Council conclusions** of the General Affairs Council (GAC) were produced in September 2002. Despite the good intentions, and reflecting the EU's rather difficult institutional setting, the result of the process has not been the production of and political commitment to a single, easily identifiable 'EU SDS'.

The EU should strive for a single text, including both vision and principles, as well as targets. The declaration of principles that is being prepared ahead of the June 2006 Summit should eventually be included in the revised EU SDS.

### **3.2 *A truly 'EU' strategy***

In addition to the lack of clarity as to what the existing EU SDS is, none of the elements has the support and buy-in of the EU's main democratic institution, the European Parliament. While this may have been considered acceptable in days gone by, this is no longer the case. The EP now has co-decision making powers in many important policy areas. Its role as co-legislator is set to become the norm under the constitutional treaty that awaits ratification. Perhaps more importantly as concerns the EU SDS, it is also the closest EU institution to the European public.

Failure to engage the Parliament in the development and approval of the Gothenburg EU SDS arguably weakened the document, for example in relation to the external dimension, and did not help as regards its relative obscurity amongst Europe's citizens. Above all, it is highly inappropriate for the EU – as a force for democracy around the world – not to involve its only directly elected institution in the development and adoption of the SDS. There are of course implications of getting the EP involved in the development and adoption of a new SDS at this stage, but delay and further debate would be a reasonable price to pay given the overall benefits in terms of content and public engagement.

### **3.3 *Partnership and buy-in for a new EU SDS***

Aside from parliamentary involvement, a new EU SDS needs to be developed in partnership with the range of stakeholders, so that there is broader societal commitment to its development and delivery. Europe's citizens and business community need to be engaged in a process that develops a vision for the future, whilst also preparing them for challenges such as measures likely to restrict or redirect consumption in certain sensitive areas. The business community needs to feel confident that the strategy will be implemented, so that investments in new production processes, products and markets can

be planned. It also needs to be assured that there is adequate support for the transition to sustainability so that inevitable costs are minimised.

The European Economic and Social Committee has played, alongside the European Commission, an important role in stimulating debate on the initial and renewed EU SDS, in particular through the organisation of the two stakeholder fora (2002 & 2005). But moving from these events to a more animated debate at the national level, and involving partners in the ongoing development, delivery, monitoring and review of a new strategy remains a challenge. In the first instance, consideration could be given to bringing together the Commission, European Parliament, stakeholders and experts for a limited time, eg six months, to help develop the specific targets and pathways to be included in a new SDS, helping to ensure both robustness and public support for the resulting strategy.

#### **4 Implementation: getting the institutional framework right**

##### ***4.1 Restructuring institutions – focusing on SD***

There is no single structure that is particularly suited to driving forward SD at the EU level, or for ensuring that EU SD objectives and activities are fully communicated and coordinated with both national and regional activities. At the Council level, a ‘Sustainable Development’ Council was amongst the proposals of Prodi’s Strauss-Kahn Group that reported in 2004 (see below) but this has not been taken up. This contrasts, unfavourably, with competitiveness which now has its own Council formation.

Within the Commission, some changes have been introduced which should better serve SD needs. The new Barroso Commission has brought a stronger focus on sustainable development of the marine environment, but there is no SD department as such. Compare this to Sweden, for example, that has recently created a Ministry of Sustainable Development.

In conjunction with the EU SDS, the EU institutions should identify sustainable development departments, council formations or committees so that SD issues receive continuous attention and are not left to environmental departments to champion.

##### ***4.2 High level coordinating group***

Whatever the main departments and their focus, there will remain a need for mechanisms or structures that can transcend departmental boundaries. Some countries have developed high level inter-ministerial committees or task forces that include members from different ministries and in some cases, heads of state or government. Germany’s Green Cabinet is a good example. The Commission has in the past also created inter-Commission groupings, although it is difficult to see that these have had a significant impact in terms of SD discussions. Similar groups do not exist for the EP or the Council. Even if they were created, this would not ensure sufficient linkage between the three EU institutions (Council, Parliament and Commission), something that is necessitated by the unique way in which powers are distributed between them.

The creation of a high level *and* inter-institutional group that focused on taking SD forward at a European level could make a major contribution to implementing an SDS. The closest thing to this is the European Council, although this does not involve the Parliament and the focus on SD is certainly not explicit, at least not yet.

### **4.3 Evidence based policy-making**

The Commission's new Impact Assessment (IA)<sup>2</sup> system has been promoted as the major instrument for operationalising the EU SDS, to support evidence based and participatory policy making. However, the system builds on Regulatory Impact Analysis and environmental assessment, the former traditionally focusing on identifying and minimising regulatory burdens on industry, while the latter has had the environment as a principal concern. The bringing together of these two separate approaches has not been entirely successful, and environmental considerations have often been marginalised by impact assessment systems that are supposedly integrated. Furthermore, in pursuit of its Lisbon objectives, the new Commission has introduced a separate competitiveness 'screening' for all significant legislative proposals.

Difficulties encountered have stemmed partly from weaknesses in relation to methodology and the lack of resources to support an effective IA system. They also pay little attention to global issues. IAs are also generally treated as one-off events when they should be staged over the life of the development of a proposal, as well as linking to national IAs. Importantly, many of the shortcomings associated with the existing IA system reflect an unfavourable political and cultural environment within which IAs are being undertaken, and demonstrate that IAs can be manipulated so that they deliver 'policy-based evidence making'. It is important to recognise that, even if greatly improved, IAs are just one of several approaches needed to support SD; they cannot deliver SD on their own.

### **4.4 An independent SD advisory council**

The 1990s saw a mushrooming of environmental or sustainable development advisory councils to follow-up on national environment plans or sustainable development strategies. While membership varies considerably, the main function is to build consensus among stakeholders, communicate environment/SD to the public, and/or to assess government policies and give recommendations for new policies.

Most EU 25 countries now have advisory councils, in contrast to the EU where there is no similar body. The Commission's 2001 proposed EU SDS recommended the establishment of a round table of experts to report annually to the Commission President, but this was never followed up. Instead, a time-limited sustainable development round table was established in 2002 (Strauss-Kahn Group) and reported in 2004.

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<sup>2</sup> Previously called Extended Impact Assessments when only major Commission proposals were assessed. Renamed to Impact Assessment (IA) when all Commission proposals were included.

The revised SDS should commit to introducing a permanent advisory council to provide a forum for stakeholders to reflect on long-term SD issues and to feed back recommendations to the EU institutions. It is worth considering what role the EESC could play in this regard.

#### **4.5 *Linking national and EU level SDSs***

It is important that the experience of Member States in developing and implementing their own SD strategies should be made available to the Commission as it concludes its review. Moreover, since the move to more sustainable policies requires policy coherence both horizontally, between different sectors, and vertically, between different levels of government, it is crucial that EU-Member State links are strengthened in this area.

The UK Presidency of the Council in the latter half of 2005 is planning a SD Network Event, following similar events under the Irish and previous Presidencies. This could provide a timely opportunity to establish this as a more permanent mechanism for stronger co-ordination and mutual learning between the Commission and the Member States, and between the Member States themselves, using the so-called Open Method of Coordination. The new SDS should include mechanisms such as this to ensure such linkage is secured and deepened, potentially also involving existing network of European Environmental Advisory Councils.

### **5 *Ensuring success: monitoring and checks***

#### **5.1 *Reporting and indicators***

Under present arrangements, EU SD is not reviewed and reported on adequately. The main shortcoming relates to the dependence upon the Spring Summits as a means of reviewing the EU SDS, since in practice the focus is predominantly on the Lisbon Strategy. The annual reports to the Spring Summit have failed to pay sufficient attention to the social and environmental dimensions of SD - a problem that is also reflected in the set of 14 structural indicators. Nor has there been an attempt to integrate reporting or indicators, with the three separate (if unequal) SD pillars still very much in evidence in the Spring process.

This was the arrangement before 2005. In March 2005, at the spring Summit, the Lisbon Strategy was relaunched, reasserting the emphasis on economic growth and employment. A new arrangement for reviewing both Lisbon and the SDS was adopted, in effect down-sizing the environmental component of the Spring Summits reviews. From now on, the Commission will present a single annual strategic report, covering progress on economic, social and environmental objectives. The annual environmental policy reviews are not given a formal role.

Given that SD has not been handled satisfactorily in previous Spring Summits, a separate process now needs to be established. The separation of the two review processes, as well as the use of separate sets of indicators, could be a major improvement on current arrangements and should be among the core issues tackled in the SDS review. The

indicators presented recently by the Commission should make a major contribution here (SEC(2005)161).

## **5.2 *Auditing performance***

The use of auditing bodies to evaluate progress in relation to SD is uncommon. Auditors tend to focus very narrowly on examining implementation of specific budgets or other financial measures, rather than assessing these in the light of broader sustainable development commitments and objectives. The UK's Environmental Audit Committee is one exception, undertaking environmental audits and beyond a purely financial remit.

The EU Court of Auditors has provided helpful reports on, for example, the environmental dimension expenditure under the Cohesion Fund as the Fund is targeted (in part) at environmental investments. In addition, the European Parliament's Budgetary Control Committee has the responsibility for reviewing the Commission's spending in previous years, and giving a formal 'discharge' to the EU's budget. Both focus narrowly on expenditure issues and do not have an explicit sustainable development mandate.

The revisited SDS could usefully establish an audit body to hold the EU institutions accountable and thus support delivery of the strategies objectives. This should greatly assist in making the SDS and progress in its implementation, a matter for European politics.

## **6 Identifying overarching and sectoral objectives: focusing on key EU processes and sectors**

This paper has intentionally focused on issues of process and features of a new SDS. In the absence of suitable institutional frameworks and leadership from the highest levels, even the most ambitious and innovative strategy is unlikely to succeed. But what should the substantive content of the new SDS focus on?

A long-term vision could be presented in a way that demonstrates EU innovation, economically, socially and environmentally, with this translated into technological development, management approaches and principles that have proved to work well. A leader or best performance approach, for example, could be used as a lever for a more fundamental structural transformation of European and global economies in the decade. Such an overarching vision, combined with the objectives already agreed in the existing EU SDS and related commitments, including the 2010 objective to halt biodiversity loss, would then underpin targets subsequently taken up in the EU's strategic processes, cross cutting policies, as well as sectoral policies.

### **6.1 *Harnessing the EU's strategic processes***

Three strategic EU issues offer a powerful opportunity to translate a new SDS into tangible results, as follows:



- the Lisbon Strategy – offers a means to promote innovation in the medium term, particularly given its onus on industry and economy at the national level. Given the recent relaunch of Lisbon, the challenge is now to ensure that growth and jobs are only pursued under the banner of sustainability;
- the financial perspective and annual budgets - discussions on the future of the EU budget are at a relatively advanced stage but the opportunity should be taken to align the budget to fully and only support the delivery of the SDS; and
- the EU's research and technological development framework programmes should focus on the development, dissemination and use of the knowledge and technologies.

## **6.2 *Aligning cross-cutting and sectoral policies***

A small number of ambitious 'horizontal' targets could be established for the EU administrations to achieve in the next five years, for example:

- public procurement and harmful subsidies including EU and national State aid – all public expenditure should respect sustainability issues and thresholds;
- EMAS - all EU public bodies to register for EMAS;
- integrated impact assessment - to be fully applied to all major policies; and
- environmental information, participation and access to justice – application of the Aarhus Convention at EU level.

In all cases, the EU could promote application of similar standards at the national and international levels.

More specific sectoral objectives could be set, again supporting the idea of European leadership. For example, the EU should achieve the following within the next ten years:

- continuous improvement in passenger car CO<sub>2</sub> emissions, including meeting agreed targets. The EU car industry should be a world leader in producing clean and efficient cars. Congestion should be eliminated through modal shift and traffic management. All personal and commercial vehicles should be replaced by vehicles representing at least the best standards of today. Infrastructure decisions should respect the EU biodiversity objective, halting fragmentation of land.
- the efficiency of energy consumption should at least match the best performance today in each area of generation. Best available technology should be applied to exceed renewable energy targets, and reliance on imports of oil and gas reduced.
- industry should reduce its resource use in relation to the volume of production, as well as the emission (directly or through products) of toxic and other undesirable substances. At a minimum all industry should apply Best Available Techniques. Greater practical recognition of the principles of corporate social responsibility is needed.
- agricultural support policies should be limited to support only forms of farming compatible with sustainable development, taking forward themes already

identified in the Commission's mid-term review of the CAP and taking account of global as well as EU requirements.

- Europe's fisheries sector should become the most efficient in terms of resources used per tonne of fish landed/produced. It should become a leader in terms of application of state of the art management practices, notably implementation of ambitious and ecosystem based recovery and management plans for all fisheries.

## **6 Conclusions**

This briefing has identified a number of issues and potential options arising in the context of the revised EU SDS. In sum, these are as follows:

- the language of SD should be reclaimed, and the EU SDS should combine the three different strands of sustainability into one coherent whole;
- any uncertainty as to how the EU's SD objective and strategy relate to other objectives and strategies, particularly the Lisbon Strategy, should be removed;
- a new SDS, including a vision and principles, should be set out in a single document that is adopted by all EU institutions, and in partnership with key stakeholders. A short term working group could be established, including the key partners, to support the development of a truly 'EU' SDS;
- the EU institutional framework should explicitly reflect SD, not only with SD departments, DGs or committees created, but also by setting up a high level and inter-institutional coordinating mechanism, improving the system of impact assessment, establishing an SD advisory council for the EU and creating a permanent mechanism to link national and EU level SD activities;
- monitoring and checks for SD need to be reinforced by creating reporting and indicator systems that are separate from and feed into the annual Spring review system, and by establishing an auditing mechanism for SD issues; and
- building on the existing SD objectives, the EU should develop concrete and time specific targets, such as those identified above, that work towards the EU becoming a global leader on SD issues.

The transition to SD is going to be an enormous task and one that demands concerted effort on all fronts, particularly to address global issues and future generations. Developing a strong, clear and coherent SDS and supporting infrastructure will make the chances of success much greater, even if it only presents a step in the right direction. But leadership – at the highest level and on a continuous basis – will be critical in ensuring words are turned into action.