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Subject : "New Impetus for EU Environmental Policy"  
I. Mid-term review of the 6<sup>th</sup> Community Environment Action Programme  
II. Economic Instruments  
III. Environment, Innovation, Employment  
– Draft Council conclusions

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1. The Commission presented its Communication on the Mid-term review of the Sixth Community Environment Action Programme on 3 May 2007, its Communication on the 2006 Environment Policy Review on 2 May 2007 and a Green Paper on market-based instruments for environment and related policy purposes on 2 April 2007.

On the basis of these documents, and informed also by the exchange of views held at the informal meeting of Environment Ministers on 1-3 June 2007 on the topic "Environment, Innovation, Employment", the Presidency prepared draft Council conclusions.

2. The Permanent Representatives Committee finalised its discussion of the draft Council conclusions at its meeting on 20 June 2007. The latest Presidency draft can be found in the Annex to this note.

Malta maintains a reservation on the mention of energy taxation in paragraphs 11 and 12.

France maintains its request on paragraph 28, 6<sup>th</sup> indent, to insert the words "low carbon technologies including" just before the reference to "clean coal technologies".

3. The Council is invited to examine the draft conclusions with a view to their adoption at its meeting on 28 June 2007.

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**"NEW IMPETUS FOR EU ENVIRONMENTAL POLICY"**

**I. Mid-term review of the 6<sup>th</sup> Community Environment Action Programme**

**II. Economic Instruments**

**III. Environment, Innovation, Employment**

**- Draft Council conclusions -**

The Council

- REAFFIRMS that environmental policy-making based on the Sixth Environment Action Programme (6<sup>th</sup> EAP) represents the environmental dimension of the over-arching objective of sustainable development, as laid down in the renewed EU Sustainable Development Strategy; UNDERLINES the positive contribution of well-designed environment policy to increasing the synergies between environmental protection, growth and employment by actively promoting environmental technologies, eco-innovation and resource efficiency, thereby also mitigating and adapting to climate change and contributing to halting the loss of biodiversity;
- EMPHASIZES that globalisation highlights the need to use natural resources sparingly and to promote more eco-efficient consumption and production;
- CONSIDERS, however, that the paramount environmental challenges still ahead call for urgent policy responses which can in turn offer mutual benefits for environment, innovation and employment, and require enhanced international cooperation and outreach;
- STRESSES the need for integrating environmental considerations into all Community policies and activities;
- INVITES the Commission also to take the following priorities into account when putting forward its policy reviews and specific proposals with a view to bringing the EU closer to the path of sustainable development:

## ***I. Mid-term review of the Sixth Community Environment Action Programme***

1. WELCOMES the Commission's Communication "Mid-term review of the Sixth Environment Action Programme" and its "Annual Environmental Policy Review (EPR) 2006";
2. CONFIRMS the full validity of the 6<sup>th</sup> EAP and RECONFIRMS its four priority areas – tackling climate change, halting biodiversity loss, reducing negative impacts on health from pollution, and promoting the sustainable use of natural resources and ensuring the sustainable management of wastes – as policy priorities; also REITERATES the guiding principles such as the precautionary principle and preventive action, the polluter-pays principle and the principle of rectification of pollution at source, as well as the general objectives such as decoupling of environmental pressures and economic growth, and the need for full, timely and correct implementation;
3. APPRECIATES that the Commission has put forward all seven thematic strategies of the 6<sup>th</sup> EAP and the EU biodiversity Action Plan, and NOTES the progress achieved so far through the adoption of a range of measures and strategic approaches by the Council;
4. STATES that, where necessary, the thematic strategies and the biodiversity Action Plan should be complemented by appropriate implementing measures at national and EU level which ensure that the objectives agreed in the 6<sup>th</sup> EAP and thereafter are achieved;
5. NOTES the major advances made in environment policy since the adoption of the programme, but IS CONCERNED nevertheless that the state of the environment has not yet improved accordingly; therefore HIGHLIGHTS that further decisive action is needed, and that synergies need to be strengthened, to counter negative trends affecting the state of the environment and natural resources such as increasing global emissions of greenhouse gases, the continuing loss of biodiversity, desertification, deforestation, soil threats, the persistently high impact of pollution on public health and the environment, the increasing amount of waste and the steadily growing "ecological footprint", and therefore CALLS FOR STRENGTHENING EU global leadership on issues such as climate change, biodiversity and sustainable resource use, to bring about substantive improvements for the environment and human health;

6. STRESSES that substantial progress has still to be made and that concrete outcomes need to be delivered, particularly in the areas of
- climate change, and in this context RECALLS the EU's firm commitments, as decided at the Spring 2007 European Council, to ambitious targets in the context of an integrated climate and energy policy; STRESSES the need to launch negotiations on a global and comprehensive agreement beyond 2012 at the end of this year with a view to be completed by 2009, and in particular LOOKS FORWARD to Community measures and to agreeing on an internal burden-sharing and to the proposals for implementing the Energy package, in particular in relation to energy efficiency; furthermore, CONSIDERS that these commitments should be taken into consideration in Community and Member State investment policies;
  - natural resources and waste, and in this context ASKS Member States and the Commission to complement the respective strategies with objectives and implementing measures at national and EU level; CALLS on the Commission to propose policy measures to effectively promote sustainable consumption and production patterns and the sustainable use and management of natural resources; in particular LOOKS FORWARD to the upcoming Commission proposal for the Sustainable Consumption and Production Action Plan and to the launching of the International Panel on the Sustainable Use of Natural Resources; ACKNOWLEDGES that the Commission will carry out an assessment on the management of bio-waste with a view to submit a proposal to develop or revise legislation on this issue as appropriate;

- nature and biodiversity, and in this context **RECALLS** the objective of halting the loss of biodiversity in the EU by 2010 and the need to proceed urgently with the implementation of the biodiversity Action Plan as the key instrument for achieving this objective; **UNDERLINES** the importance of completing the NATURA 2000 network, in particular in marine areas and in the Member States that have joined the EU since 2004, and **ENCOURAGES** easier access to EU funding for the management of NATURA 2000 and for the implementation of the Birds and Habitats Directives; **URGES** the Commission to propose appropriate measures - aimed at the prevention and control of invasive alien species and alien genotypes as soon as possible; **RECOGNISES** the importance of sustainability standards for the production and consumption of bioenergy; **CALLS** for promoting sustainable timber procurement policies, and for achieving better compatibility of Community as well as national policies and measures to outlaw the trade in illegally logged timber;
- **STRESSES** the EU's strong commitment to an early and active preparation for the 9<sup>th</sup> meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) and to integration and mainstreaming of biodiversity concerns within development cooperation and other policy areas; **TAKES NOTE** of the outcome of the 14<sup>th</sup> meeting of the Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and **WELCOMES** the great success achieved with regard to African Elephants;
- health and quality of life, and **REITERATES** the importance of the Clean Air for Europe strategy, the Water Framework Directive, the finalisation of the Marine Strategy Directive, the pesticide strategy and the new chemicals policy instrument REACH, including related legislative proposals, and in this context **CALLS ON** the Commission to present its pending proposal for emission limit values for heavy duty vehicles (EURO VI) this year at the latest and to further develop legislation on industrial pollution (IPPC, NEC, LCP and waste incineration Directives) building on legal coherence, transparency and clarity as well as on the application of Best Available Techniques (BAT) and to propose a comprehensive policy on the environment/health interface, in line with the Environment and Health Strategy and its Action Plans;

- and thus WELCOMES the Commission's intention, laid down in the Environmental Policy Review, to bring forward proposals for concrete measures in 2007 to advance specific objectives in the four key EU environment policy priority areas, in line with these priorities;
7. SUPPORTS the Commission's perspectives for better environmental policy-making and enhanced implementation as set out in its mid-term review, and in this context:
- CALLS for stronger promotion of EU environmental objectives at international level;
  - RECALLS that, in the interests of legal and business certainty as well as the smooth operation of the internal market, effective and efficient regulation building on the principle of better regulation as defined by the Environment Council in February 2007 has proven to be a cornerstone underpinning the achievement of EU environment policy objectives; CONFIRMS that appropriately applied and strengthened monitoring and enforcement mechanisms are essential;
  - ENCOURAGES to further strengthen the implementation and enforcement of EU environmental legislation at national level, e.g. by further promoting the EU network for the Implementation and Enforcement of Environmental Law (IMPEL);
  - STRESSES the need to streamline the information and reporting system, based on the planned development of a Shared Environmental Information System (SEIS);
  - STRESSES that the integration of environmental concerns into all relevant policies is one of the basic principles of environmental policy in the EU and at national level and that balanced impact assessments including environmental impacts of other policies are an important tool to improve this integration; UNDERLINES the need for follow-up at European Council level; WELCOMES the Commission's intention to strengthen cross-sectoral mechanisms for policy integration;
  - UNDERLINES the importance of achieving better integration of environmentally relevant economic instruments and regulations at both European and Member State level;

## **II. Economic Instruments**

8. WELCOMES the fact that the Commission has presented a Green Paper on market-based instruments and started a consultation process; and ASKS all stakeholders to engage in the debate;
9. RECALLS that economic instruments are cost-efficient and effective tools for fostering integration of the true environmental costs of products and services into the market ("getting the prices right") and can provide positive incentives; in that context LOOKS FORWARD to the Commission's roadmap appearing by 2008 – as called for in the renewed EU Sustainable Development Strategy – for the reform, sector by sector, of subsidies that have considerable negative effects on the environment and are incompatible with sustainable development, with a view to gradually eliminating them;
10. Irrespective of the instruments chosen CALLS FOR better and shared knowledge of the true environmental costs of natural resource and energy consumption, pollutant emissions, waste production and other environmentally harmful activities without delaying effective actions; STRESSES that the internalisation of environmental and other external costs is vitally important for policies and sectors to be successful and sustainable in the long run; REITERATES that progress on internalisation has to be speeded up;
11. APPRECIATES the contribution that economic instruments already applied in the EU, such as energy taxation, emissions trading, and the Euro vignette, have made to the improvement of the environment and LOOKS FORWARD to further developments in this area;
12. UNDERLINES that the development and implementation of market-based instruments such as energy taxation are gaining increasing importance;
13. ENCOURAGES Member States and the Commission, within their respective competences, to explore possibilities to shift the tax burden from labour to resource and energy consumption and/or pollution;
14. INVITES the Commission to report to the Council on the outcome of the consultation and its conclusions and to specify its plans for further concrete action, including a time schedule;



### ***III. Environment, Innovation, Employment***

15. ACKNOWLEDGES that sustainable energy and resource efficient technologies and eco-innovations are key for addressing global environmental challenges;
16. POINTS OUT that the protection of the environment, in particular the climate and biological diversity, offers important potentials for innovation and economic and social development;
17. STRESSES that eco-technologies and eco-innovations are already a strong pillar of Europe's economy, which create employment and enhance competitiveness and can thus be helpful to reach the objectives of the Lisbon-Strategy;
18. POINTS to the opportunities of European economy in the growing global markets for those technologies while environmental problems and prices for energy and resources are expected to rise further;
19. EMPHASIZES that strengthening Europe's leading position in providing eco-technologies and eco-innovations will underpin responses to global environmental problems; however, IS CONVINCED that global environmental progress will only be successful in close partnership with the developing countries;
20. CALLS FOR decisive and rapid action to ensure that Europe remains at the forefront in these key markets;
21. STRESSES the need for coordinated action at Community and Member State level in order to take full advantage of the potential of eco-innovations;
22. RECOGNISES the importance of working with the private sector, to build an ambitious long-term policy framework that stimulates businesses to invest in eco-innovation;
23. UNDERLINES that environmental concerns and solutions should be mainstreamed and integrated further into all relevant policies;

24. STRESSES that a comprehensive strategy is needed including concrete measures for ecological modernisation as central element of an “ecological industrial policy” of the EU and the Member States, based on contributions from a whole range of policy areas, in order to meet the global economic and environmental challenges that lie ahead;
25. CALLS FOR a systematic review of the impact of all relevant EU policies with a view to integrating eco-innovation across all relevant policies so as to foster eco-innovation rapidly and on a broad scale; this review should form the starting point for the proposals to be presented by the Commission early in 2008 for achieving an integrated strategy for the promotion of eco-innovation;
26. IS OF THE OPINION that the review should open up new impetus to the Lisbon strategy for growth and jobs, since Europe’s competitiveness will increasingly depend on whether it can become the most energy and resource efficient area of the world;
27. STRESSES that governments should act to provide the adequate framework and incentives to overcome barriers that prevent Europe from fully tapping the potential of eco-efficient technologies; EU and national Environment policy must provide industry with environmental legislation setting ambitious and realistic standards, which take into account small-scale-industry, and that provide benchmarks and trigger innovation, while using a creative mix of push and pull instruments that support energy and resource efficient innovations on a broad basis;
28. POINTS TO the following policy instruments which should support the innovation process and capitalise on the full potential offered by eco-innovations:
  - environmental regulation with lead standards such as supported by "top runner approaches" that take into account that industries need reliable and appropriate framework conditions, inter alia through implementing the Directive on eco-design requirements for energy using products. Other measures like extending eco-design provisions to non-energy consuming products should focus on biodiversity, resource efficiency, hazardous substances, noise, recyclability and biodegradability. Such measures should also aim to contribute to international competitiveness;

- a broader and more effective use of economic instruments at both EU and Member State level to bring about market-based push-and-pull to speed up technological shifts, notably in relation to energy and fuel consumption, transport and sustainable use of resources;
- greater synergies between the development of environmental regulation in the EU and the promotion of environmental technologies through the Environmental Technology Action Plan (ETAP); ETAP should continue to pursue targeted actions to promote research, dissemination and uptake of eco-technologies and should be developed to give guidance on financial investments for eco-innovation including for the Competitiveness and Innovation (CIP) Programme;
- build on the Commission endeavours on the promotion of and setting ambitious objectives and targets for Green Public Procurement (GPP), tender guidance for procuring environmentally best performing goods and services and for governments to act as launching customers, and the development of initiatives for green private sector supply chains; an ambitious Sustainable Consumption and Production Action Plan that contains robust proposals, and creates strong links to innovation, productivity and energy and resource efficiency;
- setting the right conditions for and supporting green lead markets, and removing barriers to their full realisation, through a coherent mix of policy measures based on R&D, ambitious industrial and environment policies both at EU and Member State level;
- encouraging research and development in sustainable environment and energy technologies, with a view to combating climate change and protecting biodiversity, notably in the fields of energy efficiency, renewable energies including second generation biofuels, clean coal technologies, storage technologies, in particular hydrogen, innovative electric grids, water management and recycling, taking into account their impact on the environment and their long-term effects;
- promoting environmental technology transfer and application of eco-innovation at global level, for instance as part of the EU initiative to establish an international panel on natural resources and by further integrating environmental concerns into development cooperation.