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## **EU ENVIRONMENTAL POLICY-MAKING FOR SUSTAINABLE DEVELOPMENT: TEN UNICE RECOMMENDATIONS**

In December 2005 the Commission published a communication on “The review of the EU sustainable development strategy – a platform for action”. This communication confirmed that, in order to achieve the objective of sustainable development which is enshrined in the EU treaty as the “overarching” principle of all European policies, it is necessary to work jointly on the objectives of economic prosperity, social equity and environmental protection. UNICE supports this holistic approach for making progress towards sustainable development, as it does the Commission’s statement that “industrial competitiveness is a cornerstone of the EU sustainability strategy”. This document presents ten fundamental principles for developing an EU environment policy in line with this vision of sustainable development. These principles relate in part to the objectives and content of EU environmental initiatives and in part to the EU policy-making process:

### Better policy goals and content

1. Compatibility with policy in economic areas outside the EU
2. More investment in research and development
3. Realistic objectives and attainable standards
4. A level playing field
5. Workable legislation, putting less emphasis on “command and control”
6. Eliminate inconsistency and avoid duplication of legislation
7. Take advantage of the benefits offered by environmental agreements

### Better policy-making process

8. Impact assessments
9. Involvement of all stakeholders concerned
10. More focus on implementation and follow-up.

## **A. Improving the goals and content of policies and measures**

### **1) Compatibility with policy in economic areas outside the EU**

Businesses in the enlarged European Union are operating in the fast growing global market where competition for customers is a first priority. In this context it is important for Europe to take a global perspective when devising environmental policies in EU and to make the relevant competitiveness impact assessments. If the competitiveness aspects are not taken properly into account, European companies will be driven out of Europe or out of the market. This would benefit neither the environment nor the European economy, since less environment-friendly companies outside the EU would take a larger share of the world market and Europe will become less affluent and unable to afford to care for the environment and its people. It is only profitable companies that can afford to make the necessary investments to protect the environment.

### **2) More investment in research and development**

Technology will play a major role in achieving environmental protection, without compromising better living standards. An innovation oriented environmental policy is needed to increase environmental effectiveness and cost efficiency, to realise decoupling between economic growth and environmental pressures and to take advantage of win-win opportunities. It is essential that research and innovation policies are properly financed and supported at both European and national level. This calls in particular for adequate financing of the seventh EU research framework programme and of the competitiveness and innovation programme (CIP).

It is also vital to improve general framework conditions, be they financial or regulatory, to better support private investment in research and the transfer of research results into commercially successful innovation.

### **3) Realistic objectives and attainable standards**

UNICE attaches a great deal of importance to environment policy being based on realistic long-term goals. It is particularly important to involve companies in the definition of objectives designed to tackle specific environmental issues. The objectives set should cover large as well as small and medium-sized companies. By including many companies in the process to improve environmental conditions, the threat of unfair competition within Europe can be avoided and the identification of synergies can be enhanced, which creates a large market for new solutions.

Environmental goals should be realistic in order to reduce economic uncertainty. For broad issues such as climate protection, long-term international goals for emissions control may also improve the ability of business to shape investment programs and direct R&D efforts. They should be defined considering the essential need to engage all parties in climate protection efforts. However, such international goals will only be effective if they are connected to a credible, flexible and realistic long-term framework for policy decisions that can be adjusted based on growing experience and knowledge. Room for adjustment will be necessary to take account of scientific and technical

progress. Strictly binding short, medium or long-term targets are not the best way to encourage technological breakthroughs based on long term R&D.

Furthermore, every objective has to start from a sound science-based analysis of the effects on the three pillars of sustainable development, economic, social and environmental.

#### **4) A level playing field**

A common European policy creates a level playing field for industry and a large market for new technology, which in turn makes it more attractive for industry to invest in new technologies.

This being said, it has to be recognised that environmental conditions vary throughout the European Union, from north to south and east to west, and that therefore, a room for different implementation approaches is needed depending on the existing environmental circumstances.

Any EU policy must be equitable, in order to encourage rather than deter countries from fulfilling their obligations. Indeed it is important to find the appropriate balance between national sovereignty and further harmonisation within the EU. In general environmental policy must be aligned on the rules of the internal market, avoiding the creation of competitive distortions and barriers to trade. Room for national over-implementation must also be limited to an absolute minimum.

#### **5) Workable legislation, putting less emphasis on the “command and control” approach**

The development of a modern environmental policy framework should offer a unique opportunity to support innovation, enhance consistency between existing measures and to target those aspects of the overall performance of products and services throughout their lifecycle, which will really contribute to overall improvements.

This implies that any initiative must be proportionate to the problem that is to be solved and always be based on sound scientific facts. Legislation should be simple to understand and to implement. If shortened and simplified it would help both policy makers and those that will implement it. Simplified legislation does not mean less powerful in terms of meeting environmental objectives, rather the opposite, since lengthy bureaucratic regulations have potential to fail, since they cannot be enforced. To enforce policies it is necessary that each policy can be monitored appropriately, which requires sufficient data. In many cases the “command and control” approach offers too little flexibility to stimulate development of innovative technological and managerial approaches at company level. Instead of developing excessively prescriptive approaches, environmental regulation should be confined to the setting of minimum standards, leaving industry the freedom to find the best and most cost-effective means of achieving them. UNICE is open to discuss well-designed economic instruments capable of delivering environmental progress at lower cost than traditional “command and control” regulation.

## **6) Take advantage of the benefits offered by environmental agreements**

Environmental agreements represent a voluntary and negotiated contract between individual companies and/or associations on the one hand and public authorities on the other hand, concluded with the aim of protecting or restoring the environment. These agreements create obligations for both parties, which must fulfil them. Agreements offer significant advantages: they make it possible to deliver commitments quickly and efficiently; they allow a company maximum flexibility for how its commitments will be met; they can be part of a predictable policy framework to aid planning and investment by companies. UNICE believes that national and EU authorities should consider the potential of environmental agreements more systematically. UNICE considers that methods can be found for involving the EP in design of the instrument for specific applications.

## **7) Eliminate inconsistency and avoid duplication of legislation**

Today, many of the existing environmental policies overlap. Therefore, all new, and forthcoming revisions of, environmental policies should first take a horizontal broad overview of what already exists and then assess what is needed, especially considering the evolving economic and social situation inside and outside Europe. If current policies are outdated or superfluous, they need to be abolished or reshaped, to better suit the current situation, in terms of external and internal pressures.

## **B. Better policy-making process**

### **8) Impact Assessment**

It is vital that legislative proposals are properly assessed, both before and after having been implemented, for their potential impact on Europe's competitiveness and the environment. It is of great importance that the guidelines provide clear assistance on measuring administrative costs and effects on specific sectors of society, and include serious evaluation of alternative options.

As a first step the costs of proposals should be estimated in accordance with a proper and widely accepted method that, as much as possible, presents results in monetary terms. For more important proposals, entailing significant burdens for business, other impacts, such as those on trade and innovation, should gradually be taken into account as well.

UNICE encourages policy-makers to draw on external expertise to advise on the methodology of the assessments and technical issues and, in this context, to set up a special network composed of experts in better regulation issues, including academics and practitioners, which may be invited on a case-by-case basis to advise on the scientific rigour of the methodology chosen for specific assessments.

### **9) Involvement of all stakeholders concerned**

In order to be able to convince all stakeholders that environmental policies are necessary and good for society as a whole, policy-makers must demonstrate that they

will deliver real results in an effective way, meaning both environmentally effective and cost-efficient.

All stakeholders throughout the lifecycle of a product or service have opportunities to improve the overall performance. It is essential to take a lifecycle perspective when making or amending environmental policies, so that the designer, the producer, the seller and the user all are encouraged to improve the environmental performance of the product or service. Therefore, particular focus should be given to such options, where highest potential for improvements can be achieved at a reasonable cost.

In order to make environmental policies successful, it must take advantage of lessons learned, and developed from already existing successful and recognised stories, best practices and experiences for years within member states by stakeholders. All concerned stakeholders should be involved from the very beginning in the policy-making, to make it suitable considering all different aspects of our modern society.

#### **10) More focus on implementation**

The scope of European environmental policy has grown enormously and has reached a level where a need has risen to create a better balance between adoption of new legislation and the follow-up of decisions already made. The Parliament should endeavour to follow the process of implementation and also contribute to put pressure on both the Commission and the Member States in regard to implementation, including enforcement. Today, industry is using too many resources on fighting against badly implemented EU initiatives. Also, there is a lack of transparency in relation to revealing the most cost-effective form of implementation within each policy field.

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