European environmental economic accounts

2010/0073(COD) - 09/04/2010 - Legislative proposal

PURPOSE: to draw up a common framework for the collection, transmission and evaluation of European environmental economic accounts.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: users put much emphasis on analysis and applications of environmental accounts in modelling and forecasts/outlooks, both for preparing policy proposals and reporting on policy implementation and impacts. Examples are the design of taxation policies related, for instance, to climate change and energy uses, or the assessment of the effects of international trade on emissions and resource use. User needs may differ somewhat across countries reflecting national endowments with natural resources and environmental assets or specific national policy priorities but the key standard components of environmental accounts are similar: selected natural resources accounts, air emissions and energy accounts, material flows accounts, environmental expenditure, activities and taxes.

By gentlemen's agreement, Environmental Accounts data compiled in National Statistics Institutes (NSIs) is transmitted to Eurostat on a regular basis (yearly or two-yearly) via the following means: i) Joint Eurostat/OECD questionnaire (environmental protection expenditure and revenues); ii) a separate questionnaire on Economy-Wide Material Flows Accounts; iii) a separate questionnaire on air emissions accounts; iv) a separate questionnaire regarding environmental taxes by industry.

The concepts in the European System of Accounts (ESA) are multi-purpose: for a great range of uses the ESA concepts are accepted, though they need to be supplemented for some uses. For some specific data needs, as for e.g. the analysis of the interaction between the environment and the economy, the best solution is to draw up separate satellite accounts.

In its June 2006 conclusions, the European Council called on the European Union and its Member States to extend the national accounts to key aspects of Sustainable Development. The national accounts have therefore to be complemented with integrated environmental economic accounting that provides data that are fully consistent.

IMPACT ASSESSMENT: two options were identified:

- ***Option 1***: continue with the existing *Gentlemen's agreement*;
- ***Option 2***: establish a legal base to support the data collection on environmental economic accounts.

Option 2 is the preferred option because it is the one that produces better results. The required consistent and regular production and reporting of environmental accounts would improve the quality of the statistics. Moreover, other EU policies (e.g. recycling and prevention of waste, air emissions and climate change, sustainable consumption and production) would be much better monitored if good quality data linking environment and the economy were to exist. This data can be collected by means of the framework of environmental accounts, but it is necessary that every country participates and that harmonisation is fully guaranteed. An appropriate legal base for this data collection can ensure these requirements: data collection in an important area EU-wide, increased visibility of environmental accounts as a tool for policy monitoring exploring the possibility to link environmental and economic data, possibility to take advantage of the current revision of SNA / ESA and get synergies for data collection.

LEGAL BASE: **Article 338 of the Treaty on the Functioning of the European Union(TFEU)**. The objective of the proposed action, namely the collection, compilation, transmission and evaluation of European environmental economic accounts, cannot be sufficiently achieved by the Member States and can therefore be better achieved at EU level on the basis of a Community legal act, because only the Commission can coordinate the necessary harmonisation of statistical information at Community level, while the collection of data and compilation of comparable environmental economic accounts can be organised by the Member States.

CONTENT: this proposed Regulation establishes a common framework for the collection, compilation, transmission and evaluation of European environmental economic accounts for the purpose of setting up environmental economic accounts as satellite accounts to ESA 95 by providing methodology, common standards, definitions, classifications and accounting rules, intended to be used for compiling environmental economic accounts.

The environmental accounts to be compiled within the common framework shall be grouped in the following modules:

- a module for air emissions accounts (as set out in Annex I of the proposal);
- a module for environmentally related taxes by economic activities (as set out in Annex II);
- a module for economy-wide material flow accounts (as set out in Annex III).

The Commission shall draw up a programme for pilot studies to be carried out by Member States on a voluntary basis in order to develop the reporting and data quality, establish long time series and develop methodology. The results of the pilot studies shall be evaluated and published by the Commission, taking into account the benefits of the availability of the data in relation to the cost of collection and the response burden. On the basis of the conclusions of the pilot studies, the Commission shall adopt the necessary delegated acts.

BUDGETARY IMPACT: the collection of data will have no additional impact on the Budget of the European Union.