Economic growth and environment

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The ESC welcomed the Commission Communication, which was intended to prompt a wide-ranging debate on the implications for European economic policy of the inclusion of the principle of sustainable growth respecting the environment, as enshrined in Article 2 of the Maastricht Treaty, and the principle that all Community policies should take account of environmental protection requirements. The ESC felt that environmental taxes and charges and, more generally, an ecologically-oriented taxation system, would prove to be effective, in a large number of cases, in achieving significant pollution abatement levels and reduced consumption of resources. However, there was also good reason to believe that other market-based instruments (deposit-refund systems, tradable permit systems, tax and financial incentives, voluntary agreements, civil liability for environmental damage) would be particularly effective in attaining certain specific objectives of environmental policy. As regards the impact of environmental taxes on growth and employment, the ESC believed that, given the fiscal neutrality of environmental taxes, their introduction would lead to a reform of existing tax systems in Member States. In fact, the introduction of new environmental taxes should be accompanied by a thorough analysis of existing tax systems and the environmental distortions they created. It should also provide the opportunity to review tax policy in general, making it more ecologically-oriented, whilst paying due attention to the need to safeguard international competitiveness. The ESC believed there was a need for close ties between environmental policy and employment policy. This could be brought about by encouraging ecological redeployment in manufacturing and services, and funding actions and programmes for cleaning up the environment. The ESC was aware that the transition towards sustainable development would not be automatic and, in conclusion, emphasised the need for a coherent, long-term policy strategy. This should be phased in gradually and predictably so as to limit adjustment costs and give economic agents time to adjust (cf. point 4, page 15 of the Communication). This, moreover, was the stance adopted by the ESC in its Opinion on CO_2 emissions and energy, particularly in point 1.2.3. Despite the need to simplify regulations, the Committee reiterated its reluctance to interpret the use of economic instruments in the environmental field as being part of the deregulation process, since the implementation of market-based instruments demanded a framework of regulatory and monitoring provisions.