Environment and economic policy: agriculture, transport and energy sectors

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PURPOSE : to propose essential elements of a Community strategy for improving the integration of environmental issues with economic policy. CONTENT : the Helsinki European Council requested the Council to submit comprehensive strategies for environmental integration and sustainable development to the European Council in June 2001. In response to this request, this Communication suggests that the following points should form the essential elements of a Community strategy for improving the integration of environmental issues with economic policy: - the Community should adopt a transparent, gradual, credible approach to environmental integration, based on efficient traget setting, derived from a comprehesive analysis of the available scientific and technical data, the environmental conditions in the various regions of the Community, and the potential costs and benefits of action or lack of action; - integration of environmental issues with economic policy must be consistent with the strategy for sustainable development which the European Council intends to adopt in June 2001; - examination of the environmental impacts of economic activity and regulation should be integrated into the process of multilateral surveillance of structural reform, as should be the way environmental policies impact on economic reform process (level of regulation, functioning of markets); - the Broad Economic Policy Guidelines should fully incorporate the objectives of environmental integration, making use of a reliable set of indicators to be developed; - reviews of the quality and sustainability of public finances should take particular account of the contribution of taxation and expenditure policies to environemental integration and should contain an assessment of the efficiency of economic instruments in achieving their environmental objectives; - improved integration of environmental issues into economic policy should make increased use of an appropriate mix of market-based instruments and regulation; this should include the removal of subsidies which are harmful to the environment and should take account of analyses by the Commission and other bodies of the environmental and economic effectiveness of market-based instruments.