

## **Communication**

### **from the Parliamentary Advisory Council on Sustainable Development**

#### **European Sustainable Development Strategy**

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## 1 Background

Sustainability must be a guiding principle of European policies and must be given full and systematic consideration. The EU Sustainable Development Strategy is a strategy for the future. If sustainability is understood as an overarching political task, it can become an engine of innovation. The principle of sustainable development influences all areas of political activity. Technological, economic and social progress must all be measured against the yardstick of sustainability. It is also important that the principle of sustainable development should not be overridden by the pursuit of short-term objectives.

Against the background of deliberations on the further development of the European Sustainable Development Strategy (EU SDS), the Parliamentary Advisory Council on Sustainable Development, in pursuance of the mandate assigned to it by virtue of the appointment decision of 17 December 2009, has been dealing with the present state of the EU SDS and potential scope for its further development. In this opinion, the Parliamentary Advisory Council on Sustainable Development assesses the present state of the EU SDS in terms of target achievement, implementation in the context of everyday political activity, interaction with other EU strategies and impact on the German sustainability strategy. In addition, the Parliamentary Advisory Council also makes recommendations on the further development of the EU SDS. It calls on the Federal Government to press vigorously in the European institutions for such development. Moreover, it urges the European Commission to expedite the requisite preliminary work for the revision of the EU Sustainable Development Strategy.

## 2 Sustainability management

The Parliamentary Advisory Council on Sustainable Development notes that the EU Sustainable Development Strategy is not yet firmly embedded in the architectural structure of the EU institutions. The implementation of the EU SDS must be more deeply rooted in the work of the European Parliament, the Council of the EU, the European Council and the Commission, so that sustainable development can become a benchmark for European policies. The application of the EU impact-assessment system referred to by the European Commission and the Presidency of the European Council is, in the view of the Parliamentary Advisory Council on Sustainable Development, to be supported. Systematic assessment of the potential effects of projects on the economy, society and the environment can contribute to sustainable development. This cannot happen, however, unless the findings of such assessments are presented transparently and comprehensibly – an aim that is pursued, for example, in the sustainability test which forms part of the impact assessment of

legislation in Germany. That is the only way to arrive at a prioritised transparent decision that takes due account of the desired effects of a project and of any possible unwanted side-effects.

### 2.1 Monitoring of the EU Sustainable Development Strategy by the European Parliament and the Bundestag

In the Bundestag, monitoring the EU Sustainable Development Strategy is the task of the Parliamentary Advisory Council on Sustainable Development. In so doing, the Advisory Council has not confined itself to evaluating the written information at its disposal but has also conducted a public hearing on the EU SDS together with the EU Affairs Committee of the Bundestag. The hearing took place on 27 October 2010, and its findings are impacting on the work of the Advisory Council.

The Parliamentary Advisory Council on Sustainable Development regrets that the European Parliament has not yet been sufficiently involved in shaping the EU SDS or in its implementation.

### 2.2 The EU SDS in relation to Europe 2020 and other cross-cutting EU strategies

In the updated Sustainable Development Strategy of June 2006, the sustainability strategy and the Lisbon strategy for growth and employment are described as mutually complementary. The former stands for quality of life, fairness between generations and consistency between policy areas and the latter for competitiveness, economic growth and employment. The linkage between the two is intended to emphasise that the pursuit of economic, social and environmental objectives can be mutually beneficial. In this way, the European Union should be equipped to compete successfully in a globalised marketplace.

Demographic changes, climate change and the financial crisis, with its profound effects on the real economy and public finances, have highlighted the fact that competitiveness alone is not sufficient and that sustainability must be the top priority. This has certainly been taken into account in the continuation of the Lisbon strategy in the form of the Europe 2020 strategy, the aim of which is smart, sustainable and integrative growth. Europe 2020, however, merely amounts to a ten-year extension of the Lisbon objectives. There is no real strategy for the achievement of the sustainability targets.

As far as the hierarchy of strategies is concerned, the Commission observed in its Communication of 28 July 2009 that some Member States had found it difficult to understand why there were several cross-cutting priority strategies at EU level, such as the Climate Change and Energy Package and the Integrated Maritime Policy, and took the view that greater emphasis had to be placed on the precedence of the sustainability strategy. The Parliamentary Advisory

Council on Sustainable Development endorses this view. Sustainability affects all aspects of life and must therefore be a yardstick for other strategies, including those that cut across various policy areas. This was also recognised by the Council in its report of 1 December 2009 and by the European Council in its conclusions of 11 December 2009. The Europe 2020 strategy, the report stated, was one of the short- and medium-term strategies to which the long-term aims of sustainability applied. The accompanying strategies, it said, must be explicitly coordinated with the EU Sustainable Development Strategy. In this context, it is gratifying to note that the EU has begun to incorporate the sustainability dimension into numerous other political strategies. The Eurostat Monitoring Report for 2009 shows that there are few specific targets in the sustainability strategy. This is borne out by the evaluation of the various themes in section 3 below.

For the sustainability strategy and other cross-cutting strategies to gain widespread acceptance, it is important that there should be an appropriate timetable whenever objectives are set and strategies are revised. If objectives are to be sufficiently binding, national parliaments and the European Parliament must be adequately involved in future in the process of developing and revising strategies. This did not happen in the case of Europe 2020. Given the planned review of the EU SDS in 2011, the Parliamentary Advisory Council therefore calls for national parliaments and the European Parliament to be involved in the review process from an early stage.

### **2.3 Linkage between the EU SDS and national sustainability strategies**

The deliberations on the progress report in the Parliamentary Advisory Council on Sustainable Development have not yet established beyond any doubt that sufficient coordinated and focused work has been done on the aim of sustainability in the 27 Member States of the EU. Nor has it emerged that the European strategy is linked as it should be with national sustainability strategies. On the contrary, the prevailing impression is that the EU SDS needs to be approached with a greater sense of purpose and injected with fresh targeted impetus.

The opinion of the Federal Government on the assimilation of the Eurostat indicators has reinforced this impression. It clearly shows that the EU Sustainable Development Strategy is hardly reflected at all in the German national sustainability strategy. One reason given for this is that the Eurostat sustainability indicators, “while developed in collaboration with individual specialised authorities from the Member States, have not been adopted as indicators for the EU Sustainable Development Strategy or as a criterion for the assessment of progress in national sustainability strategies”. Accordingly, another result of this lack of a political dimension to the indicators is the limited

implementation of the EU SDS in national sustainability strategies. In these circumstances, the pursuit of similar goals appears to be more of a coincidence than a binding requirement.

For these reasons, the opinion of the Parliamentary Advisory Council on Sustainable Development does not merely acknowledge and comment on the statistical facts pertaining to key thematic areas and indicators but also raises questions and makes suggestions with a view to lending momentum to the important quest for sustainable development.

The fact that the Eurostat sustainability indicators have not been adopted by the Member States as indicators for the European Sustainable Development Policy or as criteria for the assessment of progress in the pursuit of national sustainability policies raises the question of their relevance to political efforts in the EU and its Member States in the realm of sustainability. The same applies to the headline indicators critically reviewed in the progress report. Another related issue concerns the nature of the diverse political priorities that were one of the reasons for the absence of mutual coordination of the indicators. The future significance of the EU SDS also depends in part on the existence of exchanges between the EU and the governments of its Member States and on the extent to which efforts are made to update the indicators as well as to synchronise them.

Where other national parliaments and/or governments have delivered opinions on the EU Sustainable Development Strategy, the Parliamentary Advisory Council on Sustainable Development tasks to be appraised of the extent to which the European Commission has examined these opinions for potential effects on the work of the EU and of the form in which this examination was conducted.

### **3 Themes and indicators of the EU SDS compared with those of the German sustainability strategy**

The renewed Sustainable Development Strategy of 2006 refers to sustainable development as “an overarching objective of the European Union set out in the Treaty, governing all the Union’s policies and activities”. At the same time, it is recognised that the achievement of the sustainability objectives is no easy task. “The main challenge”, says the strategy document, “is to gradually change our current unsustainable consumption and production patterns and the non-integrated approach to policy-making”. To provide a means of overseeing progress, Eurostat was given the task of drawing up a progress report at two-yearly intervals. In 2009, Eurostat presented the third of these progress reports.

There are many areas in which considerable efforts are needed. One important point to emerge from a perusal of the various indicators is that some countries are in the vanguard and that others are lagging very far behind. This gap is particularly conspicuous in the

percentages of renewables in total energy consumption, where the spread ranges from zero to 30.9%. It should also be noted that the report gives no reasons why some countries are failing to achieve sustainability targets. If progress is to be made, it is important that those countries which are still straggling far behind should be brought on board. Depending on the cause – insufficient awareness of the problem or economic weakness – different approaches are needed to make the EU sustainability goals attainable. The Parliamentary Advisory Council on Sustainable Development sees a need to investigate the causes so that the right set of instruments can be developed and applied.

Eurostat has defined ten themes with a total of eleven headline indicators and many other partial indicators. For the year 2000 there is not always sufficient statistical material. Where such data are lacking, the values for the 15-member EU or the EU of 25 members are given. Since the latest surveys are based on statistical material from 2007, the repercussions of the economic and financial crisis on the objectives of the sustainability strategy are not yet discernible.

In the following subsections, the Parliamentary Advisory Council on Sustainable Development assesses the present state of development and compares it, where it can reasonably be compared, with the state of progress towards the German sustainability objectives.

### 3.1 Socio-economic development

Socio-economic development is based on the headline indicator of the increase in *pro capita* GDP and on other indicators from the realms of economic development, innovation, competitiveness, environmental efficiency and employment.

In the period from 2000 to 2008, the headline indicator had increased by an average of 1.8% per annum. Because of the economic and financial crisis, however, negative growth of 4.2% is expected for 2009. As far as the GDP indicator is concerned, it should be borne in mind that GDP growth can conflict with aims in other areas of the sustainability strategy such as the use of land and resources, which means that a positive figure does not necessarily imply net progress towards sustainable development.

The other indicators paint a mixed picture. Total investments rose slightly between 2000 and 2007 to 21.3% of GDP. Regional disparities in GDP continued to increase. Savings accounted for 11.3% of household incomes in 2008, although the regional spread ranged from -4.3% to +16.7%. In general, regional disparities in both GDP and household saving showed a slight downward trend.

Labour productivity grew in the period from 2001 to 2007, but the growth rate went into decline after peaking in 2003. The economy became less energy-

intensive, improving by one per cent annually from 2000 to 2007. The target, according to Eurostat, is a 20% improvement, although no base year is specified, which makes it difficult to verify whether the target is being achieved.

Total expenditure on research and development remains a problem area, the figure of 1.8% of GDP being well below the targeted level of 3% by 2010.

The employment rate has grown steadily since 2002, but, at just under 66%, it does not meet the target set by the Lisbon and Europe 2020 strategies. Germany, at almost 71%, is exceeding the EU target. The Europe 2020 strategy is supposed to bring about a further increase in the activity rate. The pursuit of that goal will have to be accompanied by other measures, particularly measures that make it easier to reconcile family and working life. There is a need, for example, to develop the provision of day nurseries and after-school facilities and family-friendly flexitime models. Targets are, on the other hand, being met with regard to the female employment rate, the dispersion of employment rates and the overall unemployment rate, thanks to marked improvements in these areas.

### 3.2 Climate change and energy

It is a general aim of the renewed strategy of 2006 to limit climate change and the ensuing costs as well as its adverse effects on society and the environment. By 2020, greenhouse-gas emissions are to be cut by 20% from their 1990 level and by 30% in countries where that higher target can be achieved with comparable effort; according to the Council, a total reduction of 80 to 95% in the industrialised countries is the target for 2050. By 2007, emissions had been cut by 12.5%. Germany has set itself the ambitious target of a 40% reduction by 2020.

The Parliamentary Advisory Council on Sustainable Development takes the view that the EU can and should be among the global trailblazers. That would be a clear signal and would help to encourage developing and newly industrialised countries to sign up to a binding climate convention. Biofuels were to account for 5.75% of fuel consumption by 2010 and 10% by 2020. At 2.6% in 2007, the level of biofuel use is still very far short of the target. By 2012 renewables were supposed to provide 21% of all electricity and cover 12% of all energy consumption, which was to rise to 15% by 2015. In 2007, only 7.8% of consumed energy came from renewable sources. Sweden and Latvia lead the field in this respect with 30.9% and 29.7% respectively, while Malta props up the table with no measurable percentage, and the United Kingdom is second-last on 2.1%. Although Germany, with 8.9% in 2009, is exceeding its target of 4.2% in 2010, it is not far above the EU average. Even though the conditions depend on specific geographical factors, the Parliamentary Advisory Council on Sustainable Development still believes that the bar should be set

considerably higher. Still more efforts are needed in the EU framework to ensure that the Member States with below-average figures keep moving forward. That would also help to achieve the aim of shifting the focus of corporate taxation from labour to resource use.

In this context, the measures already initiated by the EU and its adoption of more ambitious targets are to be welcomed. The 20% target share of renewables in all energy consumption by 2020 should be updated for a longer time frame. As is the case in Germany, the EU should set itself a target for 2050. In the German energy strategy the target for 2050 is at least 50% of primary energy consumption and 80% of electricity consumption. The achievement of these goals, however, depends in part on the reconstruction of power grids and the development of storage technology. The EU needs to redouble its efforts in this area, particularly as regards the development of electricity alliances with Scandinavia and North Africa.

### 3.3 Sustainable transport

The general aim of an environment-friendly transport system is to sever the link between economic growth and increasing demand for transport and to promote green transport. Road traffic accounted for some 82% of energy consumption per unit of GDP in 2007, followed by air transport on 14.2%. Rail and inland waterways registered marginal values of 2.5% and 1.4% respectively.

The volume of freight transport has risen by 25% since 2000. In 2007, 18% of freight was carried by rail and 6% on inland waterways. Road haulage accounted for 76% of freight transport. In Germany a similar percentage of freight is carried by rail, but inland waterways carried 10% of freight in 2008, which is above the EU average. According to forecasts, the volume of freight transport is set to keep spiralling between now and 2025. In these circumstances there is an urgent need for political action.

In 2007, about 83% of passenger transport was by road. The German figure of 79.6% for 2008 is slightly lower. Ten per cent of passenger kilometres were made by bus and 7% by train. The indicator would be more revealing if the percentage of eco-friendly vehicles were specified.

In 2007, road traffic was responsible for 94% of all transport-induced emissions. This shows that more CO<sub>2</sub> is emitted by road vehicles than by other means of transport. CO<sub>2</sub> emissions from new vehicles averaged 158 grams per kilometre in 2007, which is far higher than the EU target of 120g/km for 2012 and even exceeds the target of 140g/km for 2008/2009. With annual pollutant levels of about 3%, Germany is close to the EU average. In contrast to the German sustainability strategy, the EU Sustainable Development Strategy has no other emissions targets. Road fatalities and investment in transport

infrastructure, on the other hand, are indicators that only exist in the EU framework.

The Parliamentary Advisory Council on Sustainable Development supports the polluter-pays principle as a 'political guiding policy' of the renewed strategy of 2006. This principle means that "prices reflect the real costs to society of consumption and production activities", and "polluters pay for the damage they cause to human health and the environment".

The Parliamentary Advisory Council on Sustainable Development welcomes the annual reduction of 3% in particulate emissions in the period from 2000 to 2006 and the 43% drop in the number of road deaths from 1991 to 2007. There are also statistics on investments in transport infrastructure, but there are no targets, and the figures are not broken down into modes of transport, which makes it impossible to identify investment in green transport.

### 3.4 Sustainable consumption and sustainable production

Sustainable consumption and sustainable production are measured by resource productivity and other indicators from the three areas of resource use and waste, consumption structures and production structures. The headline indicator shows an annual increase of 1.1% from 2000 to 2005. GDP rose more sharply than domestic material consumption. This helped to loosen the link to some extent between economic growth and increasing use of resources, although the spread within the EU between an annual rise of less than 0.5% in Bulgaria and more than 2.5% in the UK is not insignificant. It must also be remembered that the increasing importation of primary products means that the indicator paints a distorted picture. The Federal Statistical Office, for instance, states that resource productivity in Germany would be significantly lower if the resource productivity of primary products were taken into account.

Municipal waste volumes rose by two per cent annually from 1995 to 2000, since when they have been falling by 0.1% per annum. The recovery of municipal waste through recycling and composting rose from some 25% in 2000 to 37% in 2007, a definite upward trend which is in tune with the EU goal of treating waste products as raw materials. There was a sharp drop of some 13% from 2000 to 2006 in airborne concentrations of acidifying substances, ozone precursors and particulate matter. Between 1990 and 2008, Germany managed to reduce the levels of these pollutants by 55.3%.

Consumption expenditure per household continues to increase. In terms of the sustainability parameters of social and economic acceptability, this is to be welcomed, especially in the case of the newest Member States. Consumption structures, on the other hand, continue to pose problems, with household

electricity consumption, for example, continuing to rise significantly. This is chiefly ascribable to an increase in the number of households. The rise in final energy consumption by households makes it clear that efficiency gains are being partly cancelled out by rebound effects. The decline in electricity consumption by households in Germany, on the other hand, shows that it is also possible for efficiency gains to outstrip converse prosperity effects. In Germany, energy demand for indoor heating has fallen by about 20% over the past ten years, while the amount of floor space per resident has continued to increase. The number of cars per 100 inhabitants is increasing, but the annual rise of 1.7% since 2000 is lower than the previous rate of 2.7%. The spread ranges from 17 cars per 100 inhabitants in Romania to 66 per 100 in Luxembourg.

Production structures improved significantly, although the data are largely limited to the first 15 Member States. More certified environmental-management systems were introduced, and the number of EU eco-labels rose. The percentage of organic farming increased, with the spread in 2007, for example, ranging from little over zero in Malta to almost 12% in Austria. The fastest growth rates between 2000 and 2007 were achieved in Greece (885%) and Portugal (485%). There was also a decrease in animal stocking density in the 27 Member States. One difficulty here, though, is that the report makes no reference to nitrate concentrations, which are extremely significant in the context of sustainable agriculture.

The report also points out that there are diverse livestock-husbandry trends within the Member States but it does not provide any statistical information on them. The eastward enlargement of the EU, encompassing countries where pasture farming predominates, may have contributed to the improvement in stocking density. In short, it is impossible to judge whether this might prove to be a long-term trend towards fulfilment of the goals of sustainable agriculture.

A change in consumer behaviour can also alter the spiral of demand and production in favour of sustainable production. Initial moves towards a more environment-conscious and therefore sustainable system of public procurement should be supported. Public authorities throughout the EU should set a good example in this respect by applying the principles of sustainable development to their procurement practices wherever that is possible and legally permissible. At its meeting in December 2010, the German Government's Committee of State Secretaries developed some ideas for a 'sustainable Federal Government' in the realm of public procurement.

### 3.5 Natural resources

From the perspective of the Parliamentary Advisory Council on Sustainable Development, it is heartening that the net depletion of water resources in the EU

Member States has remained at the same level and that most countries have even reduced their water intake. Water supplies will be of crucial importance in future in many regions of Europe and can no longer be taken for granted. Efforts are needed on the part of the EU and its Member States to guarantee the availability of adequate volumes of water throughout the year.

As regards the preservation of biodiversity, the EU has fallen far short of its targets. Although the area of land occupied by nature reserves is increasing, the disappearance of endangered species has not been halted. This shows that more is needed than just nature reserves to preserve biodiversity. Other factors must be considered in this context, such as the fishing effort in our seas, the increasing use of greenland sites for new settlements and transport infrastructure and the ways in which land is farmed. The problem is illustrated by the populations of farmland birds. With regard to fish stocks, the key criterion in future should no longer be the size of the fishing fleet but the quantity of fish that can be caught with the available fleet and its technology.

The Parliamentary Advisory Council on Sustainable Development also sees land-use trends as a problem area. Although the situation has improved, the agreed aim of avoiding damage to forestry in accordance with the global forestry goals of the United Nations has not been achieved. Land use continues to pose problems for the European Union too. The EU should formulate an ambitious goal in this domain. That would help to raise public awareness of land-use problems with their diverse implications and perhaps, in the long term, bring about not only a rethink but also a change of behaviour.

### 3.6 Public health

The goal of the EU Sustainable Development Strategy in the realm of health is to promote public health and ensure better protection against health hazards. The Parliamentary Advisory Council on Sustainable Development believes that the upward trend in life expectancy and in the length of people's active lives is to be welcomed. There are also encouraging signs in the realm of mental health and in the decline in the number of lives claimed by chronic illnesses and suicides.

It should, however, be noted that, in the EU in general from 2005 to 2007, the members of society living on lower incomes were, according to their own statements, less able to afford the health care they needed than people in higher income brackets. The problems with these data are the short observation period and the fact that the assessments take no account of the quality of health care. The indicator shows that health care is evidently not sufficiently accessible to everyone but is rather a matter of each individual's financial means. In this area the various EU Member States are confronted by the formidable

challenge of examining more thoroughly the entire health system throughout the EU and restructuring it in a more sustainable form by providing high-quality health care for everyone. It is worth highlighting the reference made by the Presidency of the European Council to antibiotic-resistant pathogens. These pose a risk to health care that should not be underestimated, and appropriate measures should be taken in the coming years to combat them throughout the EU.

In view of the fact that the volumes of manufactured chemical substances have increased, every opportunity should be taken to move closer to the goal of ensuring that, by 2020, chemicals are produced in a way that poses no major risks to human health or the environment.

### 3.7 Social inclusion

Under the heading of social inclusion, the report deals primarily with the trend for the headline indicator of poverty risk and its connection with access to employment and education. The relationship with integration issues is overlooked in this part of the report, which is undoubtedly an analytical flaw.

It is observable that the gulf between rich and poor within the EU grew still wider from 2005 to 2007 and that the number of people at risk of poverty has remained constant since 2005 at about 16.5% of the population. The percentage of children, young people and the elderly in this group is disproportionately high, and the hardest-hit group, at 34%, are lone parents. The overall German figure of 15.2% is just below the EU average.

The two extremes are the Czech Republic, with 9%, and Latvia, with 25.6%. The statistical findings raise a few questions, for example whether the Czech Republic has managed to strike a better balance in terms of social justice but also about the standard of living of those in the Czech Republic who are living close to the poverty line and those who are not.

The defined poverty risk threshold of 60% of a country's median equivalised disposable income is first and foremost a relative value and therefore poses problems, because it neither indicates anything about the precise distribution and spread of income nor allows a comparison between the standard of living in absolute terms of people close to the poverty line in different countries. The same applies to the approach of comparing the richest 20% with the poorest 20%.

A poverty and wealth report, such as we have in Germany, on the 27 EU Member States which focused on one of the key targets of the Europe 2020 strategy, namely a twenty-million reduction in the number of people living close to the poverty line in the EU by 2020, could create more transparency. It could also answer the important questions regarding the number of people at risk of poverty who are below or above

working age and the extent to which the welfare state is averting the risk of poverty.

One important statistic is that eight per cent of the population are employed but still live close to the poverty line; this represents almost half of the population at risk. This statistic re-emphasises the need to support a wage policy which does not drive employees close to the poverty line and which does not lose sight of the overarching goal of full employment. Pay differentials between the sexes, which have not been narrowed in the EU, remain a particular scandal that must be addressed rapidly and not merely noted.

Education is no guarantee of escape from the poverty trap, but it is nevertheless a very widespread prerequisite, increasingly so with each succeeding generation. Comprehensive child-centred care and education provision in the pre-school age group is one of the main prerequisites for a sustainable improvement in young people's educational prospects and chances in life. References to this requirement are missing from the third progress report. Accordingly, the report also fails to stress the particular importance of reconciling family and working life in the context of social inclusion as defined in the headline indicator.

The percentage of early school-leavers fell steadily in the EU in the period from 2000 to 2008. In Germany too, the situation improved from year to year from 2003 to 2009. The number of young people leaving our schools in Germany each year without any qualifications fell from almost 89,000 to about 58,000. Regrettably, however, the target of reducing to 10% by 2010 the proportion of young people in the EU in the 18-24 age bracket who left upper secondary school without any qualifications, are not undergoing training and have not attended any informal educational events within the last four weeks was not achieved. It is to be hoped that the EU will vigorously pursue this aim, which has been set once again in the Europe 2020 strategy. An important aspect of the report is its emphatic reference to the importance of lifelong learning. The same applies to activities in this field in Germany.

### 3.8 Demographic changes

The analysis of trends relating to the headline indicator of the employment rate for older workers and to life expectancy at age 65 for men and women, the income level of over-65s and public debt are dealt with under the heading of demographic changes. The report also refers to fertility rates, the risk of poverty among elderly people, the retirement age and the problem of expenditure on care for the elderly.

The analysis of this complex issue has thus begun, but its scope is far from adequate. The report fails to address clearly a number of aspects, not least the shortage of skilled labour, the general care structure, immigration, internal fluctuation, prevention and the potential of elderly people.

Quite good progress has been made with regard to the employment of older people, and an activity rate of 50% for the 55-64 age bracket will probably have been attained in 2010. Germany is already considerably above that average and is close to the 60% mark; by way of comparison, the German figure for 1998 was 36% but had risen to 56.2% by 2009.

Indicators of quality of life and of the adequacy of old-age pensions point to quite a sharp deterioration in recent years. It is noticeable that the decline in the percentage of over-65s at risk of poverty in the course of the 1990s was reversed in the first seven years of the present century.

Life expectancy continues to rise. As the fertility rate appears to be more or less constantly low, the ratio of older to younger age groups in the EU is expected to reach two to one in the EU by 2060 and is likely to reach that level in Germany as early as about 2030. That will have an impact on specific social-security schemes and on the welfare state in general. Immigration of people of working age and increases in the statutory retirement age may help to ease the pressure. The same may be achieved by further productivity increases, provided they do not reduce the demand for labour.

It is a real challenge to reshape public budgets and social-security systems to make them resistant to demographic changes. This, however, is a more of a task for the Member States than for the European Commission. The Council of Economics and Finance Ministers is, however, examining the risks posed to government finances in general by an ageing population in the framework of the implementation of the Stability and Growth Pact.

The Europe 2020 target of employment for 75% of the population aged 20 to 64 has been achieved in Germany. On the whole, the chapter devoted to this issue reflects little confidence and makes demographic changes appear first and foremost as a difficult development fraught with problems, even if it does not say so explicitly. The report fails to examine ways in which the opportunities offered by current demographic trends could be identified and more vigorously nurtured.

### 3.9 Global partnership

Sustainability must always be considered on a worldwide scale. In accordance with the concept of the global village, the German Government, in setting out its sustainability strategy, stresses that every investment, every national structural measure and, in particular, our production practices and lifestyle have effects that transcend our national borders. "Actively promote sustainable development worldwide" is defined as the general aim of the renewed strategy of 2006. EU action in the fields of both domestic and foreign policy is to be consistent with global

sustainable development and with the international obligations of the Union.

The Parliamentary Advisory Council on Sustainable Development welcomes the fact that the EU and Germany have defined the implementation of the UN Millennium Declaration by 2015 and of the final declarations of the UN World Summits of 2005 and 2010 on the achievement of the Millennium Development Goals in the spirit of a fair accommodation of interests between industrialised and developing nations as sustainability goals.

The headline indicator in this area is the quantity and quality of development cooperation. The EU and Germany are pursuing the objective of making 0.7% of their gross national income (GNI) available for official development assistance (ODA) and humanitarian aid by 2015. The renewed strategy of 2006 set an intermediate ODA target of 0.56% of GNI for 2010. For the countries that acceded to the EU after 2002, the ODA quota was fixed at 0.17% of GNI, rising to 0.33% by 2015.

The Parliamentary Advisory Council on Sustainable Development notes that it is difficult to gauge the effects of development cooperation on sustainable development. At 0.35% in 2009 and an expected 0.4% in 2010, Germany has failed to boost its ODA contribution, which has been missing the target for decades, to meet the intermediate target of 0.56%. Eurostat also expects the 27-member EU to miss the interim target with an average contribution of 0.4%, although the spread ranges widely from 0.1% of GNI in Bulgaria to one per cent in Sweden (figures relate to 2008).

The ODA quota includes government debt cancellation. Among the first 15 Member States of the EU, foreign direct investment (FDI) by the private sector rose by an annual average of 9% from 2000 to 2007, which was largely due to a narrowly focused increase in investment in China. The amount of FDI in low-income countries, on the other hand, did not increase.

Another indicator used by both the EU and Germany is the developing countries' share of global trade. This indicator measures imports from developing countries. There is no numerical target. Germany provides the least-developed countries (LDCs) with almost duty-free and quota-free market access. Nevertheless, the Parliamentary Advisory Council on Sustainable Development notes persistent imbalances in the global trade system. Growing volumes of trade from 2000 to 2008 with newly industrialised countries contrasts with stagnating or even declining trade with the poorest countries, although the dynamic development of China's external trade has a profound impact on this indicator. If imports from China from 1995 to 2009 are factored out of the total imports from developing countries, it emerges that the developing countries'



share of Germany's import market has scarcely changed, having stagnated at about a tenth (10.5% in 2009). The trend is replicated in the 27-member EU.

The Parliamentary Advisory Council on Sustainable Development notes that there is scarcely any sign of more sustainable participation by developing countries in global trade and that relationships of dependence exist. The high percentage of raw materials in these imports points to chronically insufficient sustainable development in the countries of the South. In the view of the Advisory Council there must, for the sake of sustainability, be a gradual increase in the developing countries' share of the market in intermediate and end products and hence in their wealth creation. If this aim is to be achieved, the following conditions must be fulfilled: increased transfer of know-how from North to South, a change in European customs policy, support for the establishment of sustainable production and processing methods, increased resource productivity and the creation of regional economic processes.

The Parliamentary Advisory Council on Sustainable Development welcomes the recommendation made in the EU SDS for a reduction of European agricultural subsidies to minimise distortions of competition. In the EU of 27 an annual decline of 8.5% has been registered, with subsidies totalling €44.5bn in 2000 having been cut back to €28.5bn in 2006.

### 3.10 Good governance

This goal does not have a headline indicator assigned to it, because "no indicator was judged sufficiently robust and policy-relevant to provide a comprehensive overview of the good-governance concept".

In this field, however, favourable trends are observed in the availability and use of electronic government services and the transposition of Community law, while unfavourable trends are noted with regard to actions brought before the European Court of Justice for violation of the Treaties, turnout at national elections and, to an even greater extent, turnout for elections to the European Parliament. The European Parliament, on the other hand, enjoys more public confidence than the other main EU institutions, namely the European Commission and the Council.

Against the backdrop of a steady decline in turnout for European elections, however, it is questionable whether a declaration of confidence in the European Parliament by more than half of the citizenry of the EU may be seen as a source of encouragement.

The report also notes that the desired general shift towards a higher percentage of environmental taxes in the total fiscal revenue mix has not been achieved.

On the whole, it remains unclear what aspect of sustainable development in the EU these statistical values are supposed to verify and why they are all

lumped together under the heading of 'good governance'.

It has to be said that each of the listed statistics is undoubtedly interesting and revealing in itself. It is worth stressing that the attempt to assess the quality of government, which is not yet being successfully pursued, should not be abandoned but defined more sharply and broadened. Particular importance attaches, in the general context of the quest for sustainable development in the EU, to the following factors: individual freedoms, human rights, the democratic substance of EU structures, Member States' commitment to the EU and the vitality of democracy in Europe.

## 4 Assessment of the EU SDS and expectations regarding its future development

Sections 2 and 3 of this opinion of the Parliamentary Advisory Council on Sustainable Development have shown that the sustainability strategy of the EU has weak points, both in the realm of sustainability management and in particular thematic areas. Even though individual themes are addressed in other legal instruments of the EU, they should nevertheless be included and accorded appropriate treatment in the EU Sustainable Development Strategy, as is the case in the German national sustainability strategy. The Parliamentary Advisory Council on Sustainable Development calls on the Federal Government to press in the EU context for action in the areas referred to in subsections 4.1 and 4.2 below and to keep the Parliamentary Advisory Council on Sustainable Development regularly briefed on the relevant negotiations.

### 4.1 Sustainability management

The Parliamentary Advisory Council on Sustainable Development endorses the observation made by the Council in its report of 1 December 2009 reviewing the EU Sustainable Development Strategy that the strategy is a "long-term vision and an overarching policy framework providing guidance for all EU policies and strategies". It therefore strongly recommends that the EU SDS be reviewed without delay, ideally in 2011 as initially planned, that the indicators be more effectively applied, in accordance with the expressed intention, and that subsequent strategies and measures be based stringently on those indicators.

### Presentation of the Eurostat report

The Parliamentary Advisory Council on Sustainable Development endorses the recommendation made by the Council of the European Union that future Eurostat progress report be presented in spring. In this way, the Council conclusions can be based on better information.

### **Linkage with other EU strategies**

The relationship between the EU Sustainable Development Strategy, as an overarching strategy, and other strategies such as Europe 2020 is not clear. The Parliamentary Advisory Council on Sustainable Development advocates a form of linkage in which the purpose of the EU SDS would be long-term monitoring of the indicators, while the other strategies would set out specific targeted implementing measures.

### **Further development of indicators**

The Parliamentary Advisory Council on Sustainable Development supports the idea of revising the EU SDS indicators where necessary. Indicators should not be revised, however, unless their information value can be significantly increased so as to maintain long-term comparability as far as possible.

Where indicators or perhaps targets are amended, the Advisory Council believes that the old indicators and values should at least be listed in order to keep the original intention clear and comprehensible in the public mind. The reasons for the change should be stated, and the practical scope offered by a new target should be outlined. In cases where targets are achieved ahead of schedule and a further improvement is expedient for reasons of sustainability, such targets should be duly updated.

In its Communication of 24 July 2009, the Commission commends the Eurostat indicator reports and proposes the development of more indicators to offer a better guarantee of sustainable development. In this context, it considers the introduction of a scoreboard as an “indicator of progress on the way to sustainable development”. The Parliamentary Advisory Council on Sustainable Development supports better monitoring of target achievement so that the right political measures for greater sustainability can be developed and implemented.

### **Indicators that bind national sustainability strategies**

One great weakness of the EU Sustainable Development Strategy is that the indicators laid down by Eurostat were not the subject of political discussion and are consequently not binding on the Member States. For this reason, the indicators need to be debated as part of a political process and standardised. This applies both to the revision of existing indicators and the development of additional indicators.

In order to ensure that the goals of the EU SDS are uniformly recognised throughout the EU, it is also essential that the indicators and goals are coordinated between the EU and its Member States where this has not already been done. Not until the EU with its EU Sustainable Development Strategy and the Member

States with their national sustainability strategies proclaim and work for the same goals can the EU SDS be effectively pursued. This is without prejudice to objectives of national sustainability strategies that go beyond the EU SDS goals – in this domain the EU is merely providing a minimum framework.

### **Political embedding of the EU SDS in the Council of the European Union**

In the view of the Parliamentary Advisory Council on Sustainable Development, the EU Sustainable Development Strategy should be more binding on the work of the European Union. The Advisory Council believes that a Council working group on sustainable development should be formed to enable the Council of the European Union to keep closer tabs on the sustainability issue. The existing organisational link with the EU SDS in the European Commission must be improved and given a more appropriate staffing establishment.

The institutional integration of the EU Sustainable Development Strategy must be improved so as to lend the strategy more weight.

### **Political integration of the EU SDS in the European Parliament**

The Parliamentary Advisory Council on Sustainable Development considers it desirable that the European Parliament create a body which, parallel to the acts of the EU administration, would monitor the EU SDS more closely within the parliamentary framework.

The Bundestag, by appointing the Parliamentary Advisory Council on Sustainable Development, created a body whose tasks include parliamentary monitoring of the progress of the national sustainability strategy. Even though there is still scope for development of the institutional underpinning of the Advisory Council, this body has now firmly embedded the principle of sustainable development in the fabric of parliamentary deliberations.

The Parliamentary Advisory Council on Sustainable Development recommends that the European Parliament should also establish an advisory council or similar body to monitor the EU Sustainable Development Strategy. In that way the European Parliament could likewise play a more active role in the debate on sustainability and on the challenges of the future.

### **Updating of the EU SDS**

In the view of the Parliamentary Advisory Council on Sustainable Development, a decision to update the EU Sustainable Development Strategy should be taken no later than at the meeting of the Council of the EU in December 2011. That decision would be an important signal to the Rio+20 Conference in May 2012 that the European Union has not drawn up a sustainability

strategy for merely rhetorical purposes or simply to fulfil its duty but that the Union will continue in future to demonstrate deep commitment to the pursuit of sustainable development. The update itself should begin in the aftermath of the Rio+20 Conference in order to ensure that the results of the conference can be taken into account in the enhanced version of the EU Sustainable Development Strategy.

## 4.2 Insufficiently heeded themes

### Public finances and budgetary policy

The Europe 2020 strategy, which is the successor to the Lisbon Strategy for Growth and Employment, is avowedly a reaction, to some extent, to the economic and financial crisis of recent years, which the progress report, being based on figures for the period up to 2008, could not have depicted. This makes it all the more noticeable that the Europe 2020 strategy, as was previously the case with the EU SDS indicators, devotes insufficient attention to the description of goals and the definition of indicators relating to public finances and budgetary policy. The same applies to the role of the financial industry.

It is not enough for a sustainability policy to sort out setbacks and errors caused by reckless and wilful risks taken by those responsible for public budgets or for public and private finances. Politicians must act more vigorously and in a more coordinated manner in future to prevent the emergence of risks. This task goes beyond the immediate purpose of sustainability policies but fundamentally affects their potential impact. The financial crisis has shown that robust public budgets, and hence adherence to appropriate stability criteria, are indispensable if the European project itself is not to be jeopardised. There must therefore be no more attempts in future to conceal the real budgetary situation. Robust public budgets are a sustainability goal in the true sense of the term.

Insufficient account has hitherto been taken of government debt as a sustainability indicator. The Parliamentary Advisory Council on Sustainable Development recommends that more space be devoted to this theme in the update of the EU Sustainable Development Strategy. This is another area where closer coordination at the level of the EU is desirable.

### Imbalances among the Member States

The assessment in section 3 shows that there are generally wide disparities in Member States' performance in the fields covered by the various indicators, which raises the question as to how long this crucial aspect of EU sustainability policy will continue to be glossed over. The disparities reflect historical imbalances among the Member States and the fact that the wide diversity of routes to sustainability on which the Member States have embarked can itself be a source of considerable friction

in the Community. The events and the perilous turbulence which have rocked the global financial markets over the past few years and whose consequences are still not under control by any means should be the cue for fundamental long-range reflection. At the same time, there must be an appraisal of the extent to which the existing EU funds can be more closely attuned to the aim of sustainable development.

### New challenges and future priorities

In its report of 1 December 2009 on the revision of the EU Sustainable Development Strategy, the Council referred to new challenges and future priorities that "are currently not included or covered only marginally in the EU SDS". These include energy security, adaptation to climate change, food security and land use. Among the specific objectives in these areas are resource-saving economic activity with low CO<sub>2</sub> emissions, sustainable consumer behaviour and preservation of biodiversity but there will also be a need to consider migration and social integration in the light of demographic trends, to engage in the struggle against global poverty and to pursue "fair and green growth" while addressing the pressure on natural resources generated by population growth". The Parliamentary Advisory Council on Sustainable Development fully acknowledges these challenges and welcomes the Council's intention of examining whether the strategy has to be realigned so that it can "be made more responsive to the complexity and high dynamics of policy-making processes and new challenges from global changes".

### Good governance

The Parliamentary Advisory Council on Sustainable Development does not believe that treatment of the key theme of good governance in its present form is likely to yield sound findings on sustainability-driven government. In point of fact, not only is there no headline indicator for this thematic area, but the indicators that do feature are, with the exception of the percentage of eco-taxes in total tax revenue, of somewhat marginal relevance. Accordingly, the European Commission should be advised to delete this theme from the indicators and include it as an additional subject of special importance in a more general part of the sustainability strategy. The aspects that have not yet been explicitly mentioned but are touched upon to some extent in the chapter and title headed *Good governance* could be brought together under the heading of democracy with the issues of human rights and fundamental freedoms, active citizenship, effectiveness of state structures and commitment to the EU.

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Chairman

