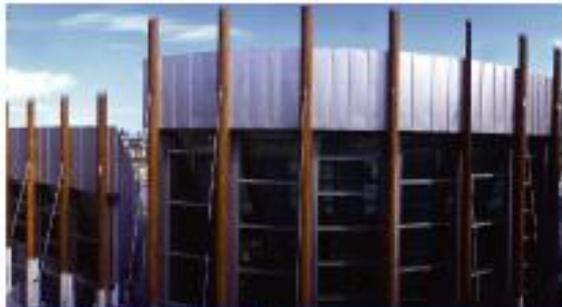




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NEWS IN BRIEF

Energy Efficiency Action Plan

The Commission published its Action Plan on **8 March 2011**. The Plan sets out a number of actions for the public sector, the construction industry, energy companies and wider industry. Importantly, the plan does not foresee binding targets for energy efficiency.

Low Carbon Economy

The Communication sets out a roadmap to secure a reduction in carbon emission of between 80 and 95% by 2050 (**8 March 2011**). Importantly, the paper is based upon a baseline saving of 25% by 2020 (*i.e.* a 5% increase on the current target). To achieve the outcome, the Commission predicts an additional investment of 1.5% of GDP would be required.

Europe 2020: Employment

The UK has declared its intention not to set national targets for employment, as envisaged in the Europe 2020 strategy (**7 March 2011**). (The UK adopted a similar position over the Europe 2020 education targets last month.)

Europe 2020: Innovation Union

The Commission has announced that it will shortly launch the Innovation Union's first 'partnership' on the topic of '*active and healthy ageing*' (**9 March 2011**), with the aim of addressing weaknesses in the European research and innovation system.

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Common Agricultural Policy (CAP)

The Environment Commissioner Janez Potočnik outlined his ambitions for reform of the CAP (**15 March 2011**). As might be expected he called for a significant 'greening' of the policy, with a series of linkages proposed between direct farm payments and the EU's environmental and climate change ambitions.

Cohesion Policy

The French Government has submitted a report to the Commission calling for a decrease in the size of the Cohesion Policy budget (**25 February 2011**). The Commission will publish the responses to its recent consultation in **April 2011**.

ENERGY EFFICIENCY ACTION PLAN

Current status

The Commission published its [Energy Efficiency Action Plan](#) on **8 March 2011**.

What's happening?

Of the EU's current energy commitments, the target of consuming 20% less energy by 2020 (the 'energy efficiency' target) is the only one which is non-binding. This position was recently confirmed by Heads of State and Government at their Energy Summit (**4 February 2011**).

The Commission Communication '*Energy Efficiency Plan 2011*' aims to address the poor progress made to date in meeting the 20% energy efficiency savings target by 2020. Importantly, and following the strong lead set by the recent energy summit the plan does not set legally binding targets at community or member state level.

Although the Communication does not address overarching binding targets, it does envisage legislation in certain sectors. Particular focus is placed on key sectors with a high potential to achieve energy savings: residential, transport and industry.

The specific measures outlined include:

Public sector

- Binding requirement on the public sector to refurbish at least 3% of their building stock each year according to energy efficiency criteria.
- Introduction of energy efficiency criteria in all aspects of public procurement.

Private buildings sector

- Introduction (by Member States) of measures to address the problems of split incentives, (*i.e.* where renovation costs are shared between tenant and landlord).
- 'Support' from Member States to ensure that Energy Service Companies are deployed in building renovation.

Energy companies

- Requirement that energy companies enable/empower their customers to reduce consumption, either through the setting of member state-level consumption reduction targets, or through

encouraging the deployment of Energy Service Companies to inform of necessary renovations.

Industry

- Requirement that large companies conduct regular energy audits and implement energy management systems.
- Facilitation of the exchange of best practice in energy efficiency among small companies.

The plan also highlights the importance of the contribution of new technologies, in particular smart metering and smart grids. On the issue of financing, no new monies are envisaged, but the document does include a recitation of current sources of funding (cohesion funds, Intelligent Energy Europe, Intermediated Finance, European Economic Recovery Programme and the Framework Programme for Research).

The necessary legislative proposals are expected to emerge in **September 2011**. The Communication also confirms that an assessment of progress against targets will be made in 2013, at which point binding energy efficiency targets *may* be considered.

The chair of the Parliament's Environment (ENVI) Committee, Joe Leinen MEP, has stated (before publication of the Communication) assuming the absence of binding targets, that, '*The Parliament will strongly lobby for a binding target.*'

LOW CARBON ECONOMY

Current status

The Commission published a communication entitled, '[A Roadmap for moving to a competitive low carbon economy in 2050](#)' (**8 March 2011**).

What's happening?

The document sets out a route for the EU to achieve the goal agreed recently by February 2011 Energy Summit of an 80-95% reduction of greenhouse gas emission by 2050. The roadmap states that the achievement of the goal is both technically and economically feasible, with proven technologies *already* in existence.



The paper states that achieving emissions cuts of this scale should primarily be achieved through domestic (EU) actions (*i.e.* not through the acquisition of international credits to offset European emissions). The paper outlines a series of interim targets (40% by 2030, 60% reductions by 2040). Importantly the paper believes such an ambitious target can only be reached if starting from a baseline saving of 25% by 2020 (*i.e.* 5% above the current EU emission target).

To achieve the ambitious targets, the roadmap states that an additional investment of 1.5% of EU GDP over the next 40 years would be necessary. This investment would be targeted at power generation, transport, the built environment and industry and would be generated by the private sector and consumers. The principal contribution is expected from the de-carbonisation of the energy sector. The paper does note that this cost would be offset by the savings accrued from lower oil and gas imports, (and the contribution of energy efficiency measures).

The roadmap will now be examined by Council and Parliament. A second Roadmap focusing on the 2050 low carbon energy system is expected to be published in **autumn 2011**.

In a related matter the Parliament's Energy (ITRE) Committee held a public hearing on 'Beyond 20% greenhouse gas emission reduction' (**17 March 2011**). The hearing discussed the Commission's recent Communication, which sets out options to go beyond the EU's existing target of 20% emissions reduction by 2020. (At present, EU Leaders have committed to raise the target to 30% only if other global players make comparable pledges). A full report will appear in the next Bulletin.

EUROPE 2020: EMPLOYMENT

Current status

The UK Government has declared its intention not to set national targets for employment, as envisaged in the Europe 2020 strategy (**7 March 2011**).

What's happening?

The Europe 2020 strategy sets out a series of headline targets, one of which relates to employment: member states should increase the employment rate from 69% to 75% (**June 2010**). To facilitate achievement of this headline target the Commission has already launched three flagship initiatives – An Agenda for New Skills & Jobs, Youth on the Move and the European Platform against Poverty & Social Exclusion.

Although the UK Government signed up to the original strategy there is now dispute over the interpretation of a key clause that, member states should '*rapidly finalise their national targets [...] according to their national decision-making procedures*'. The UK Government believes the explicit reference to '*national decision-making procedures*' means that member states are not obliged to set numerical targets. The Commission disagrees. (A similar dispute recently occurred between the UK and the Commission over the Europe 2020 targets in the area of education; see [Brussels Bulletin 54](#)).

Two other member states have also not (yet) submitted their national targets, Ireland (which has been excused because of the financial turmoil in the country) and the Netherlands (which is expected to set its targets in the coming weeks).

Employment Commissioner Lazlo Andor has recently made clear that the declared EU target will not be met without a significant increase in the level of ambition shown by member state governments: '*The national employment rate targets announced so far by the member states indicate that the EU as a whole will unfortunately fall short of our overall 75% headline target unless there are some more commitments made by the member states in the coming period.*'

The Commissioner intends to put pressure on member states to revise their National Reform Programmes (NRPs) and amend their targets on employment.

The Commission is expected to adopt specific policy recommendations for each EU member state in the **second half of 2011**. This will happen only after national targets are agreed

and draft NRPs are submitted – which is likely to happen in **April 2011**.

EUROPE 2020: INNOVATION UNION

Current status

The Commission is preparing to launch the first [pilot](#) Innovation Partnership as envisaged under the Innovation Union (**9 March 2011**). The focus of the pilot will be ‘*active and healthy ageing*’.

What’s happening?

Innovation Partnerships seek to address the weaknesses in the European research and innovation system, notably, under-investment, framework conditions that are not sufficiently innovation-friendly and fragmentation and duplication. The Commission identified active and healthy ageing as a societal challenge common to all European countries.

The Energy Summit (**4 February 2011**) endorsed both the Innovation Union and the choice of Active and Healthy Ageing as the first European Innovation Partnership. The conclusions of the summit stated: ‘*Innovation contributes to tackling the most critical societal challenges we are facing. Europe’s expertise and resources must be mobilized in a coherent manner and synergies between the EU and the Member States must be fostered in order to ensure that innovations with a societal benefit get to the market quicker. Joint programming should be developed. The launch of the pilot Innovation Partnership on active and healthy ageing is an important step in that context.*’

The aim of the Active and Healthy Ageing Partnership is to increase the average healthy lifespan in the European Union by two years by 2020.

There will be three components of the ambition:

- to enable EU citizens to lead healthy, active and independent lives while ageing
- to improve the sustainability and efficiency of social and health care systems
- to boost and improve the competitiveness of the markets for innovative products and services, respond to the ageing challenge

at both EU and global level, thus creating new opportunities for businesses

The pilot Partnership will apply to the three broad policy areas: (i) prevention and health promotion; (ii) integrated care; and (iii) independent living of elderly people.

The pilot Partnership will bring together stakeholders from the demand and supply side; all actors in the innovation cycle, from research to translation (adaptation), deployment and final users, along with those engaged in standardisation and regulation. The partnership will establish a forum in which these stakeholders work together.

The Commission is expected to draw up recommendations for a strategic implementation plan regarding the pilot in **summer 2011**. On the basis of the plan, different initiatives will then be brought forward to implement the Partnership.

On a related matter, the Commission has proposed that 2012 be designated the European Year for Active Ageing, to serve as a framework for raising awareness, identifying good practices and encouraging policymakers and stakeholders to promote active ageing. The Parliament is expected to endorse the proposal later this **spring**, before the Council gives its final approval in **June 2011**.

COMMON AGRICULTURAL POLICY (CAP)

Current status

Environment Commissioner Janez Potočnik outlined his views on the future of the CAP at an agricultural [conference](#) in Brussels (**15 March 2011**).

What’s happening?

At the annual Forum for the Future of Agriculture, Environment Commissioner Potočnik addressed the question of, ‘*Re-focusing security on food and nature*’.

He declared that any future CAP must ‘*respond to expectations on the re-distribution of direct payments, on reinforcing agricultural competitiveness and rural development*’. However, he went further and stated that



meeting these expectations alone would, *'not be sufficient'*. He said that the amount of public funds spent on agriculture could only be *'legitimised'* if the future CAP *'makes a significant contribution to reaching the EU's environmental and climate targets'*.

He envisaged a sanction and reward system and declared that from an environmental perspective CAP reform must include:

- a substantive greening of direct payments under the first pillar. This should be done by dedicating a share of the payments to a set of environmental actions that farmers would be required to do across the EU territory.
- a further strengthening of rural development with a sufficient number of relevant measures and sufficient funding to deliver on those measures.
- a simplification and enhancement of cross compliance.
- an improvement in the knowledge base and ambition at the programming and implementation level in Member States to ensure delivery of real environmental advances.

Potočník also revealed that he was currently in discussions with the Agriculture Commissioner Dacian Cioloş regarding how practices such as maintenance of permanent pasture, set aside, crop diversification or green cover might be included in the *'greening'* of direct payments. The inclusion of the cross compliance elements from the Water Framework Directive are also under discussion.

Potočník also revealed that he would shortly publish a resource efficiency road map that he expected to have significant implications for farmers.

On the issue of the use of fertilizers, the Commissioner stated that he was particularly concerned about the use and disposal of phosphorus and stated that his staff were currently drafting a working paper on the issue.

COHESION POLICY

Current status

The French Government has sent to the Commission a report calling for a decrease in the size of the Cohesion Policy budget (**25 February 2011**).

What's happening?

The Commission has recently consulted on the future of cohesion policy, with the results likely to emerge in **April 2011**. Regional Policy Commissioner Johannes Hahn has stated that he would wish to maintain the budget for cohesion at its current level.

However, France has now broken this general consensus and stated that *'decreasing the portion of the budget dedicated to cohesion policy'* is a priority. According to the French report, cuts in the regional policy budget are a consequence of *'the observed convergence between European regions and states'* as well as *'the latest enlargement'* of the EU.

The French position would seem to run counter to the prevailing view that emerged in the Fifth Report on Cohesion, which envisaged the creation of a new intermediate category for regions with a GDP per capita of between 75 and 90% of the EU average.

The report also supports greater flexibility in the use of structural funds. Member states must be free to choose *'the most appropriate priorities adapted to their particular context'*.

OTHER NEWS

Strasbourg one down. In plenary session the European Parliament voted 357 to 253 (with 40 abstentions) to reduce the number of Strasbourg plenary sessions by one (**10 March 2011**). In 2012 and 2013, two sessions will take place during the same week in October to achieve the desired reduction.

This decision runs counter to the decision taken at the 1992 Edinburgh EU summit, where Strasbourg's status as official seat of the European Parliament was confirmed and a calendar of 12 four-day plenary sessions per



year endorsed. This position was also confirmed in the Treaty of Lisbon.

Consequently, the French Government has announced that it intends to take the European Parliament to the European Court of Justice over breach of Protocol 6 of the Treaty of Lisbon which pertains to the location of the seats of the EU institutions.

Unisex insurance. The European Court of Justice has ruled against the use of gender-based criteria for the setting of insurance rates (**7 March 2011**). The new rules will come into force from **21 December 2012**.

Although EU law (Directive 2004/113) prohibits discrimination on gender grounds in accessing and supplying goods and services, a derogation in the Directive allowed member states to use sex-specific differences in the calculation of insurance premiums '*where sex was considered a determining factor which could be substantiated by statistical data*'. This derogation has now been found to be invalid, following a test case brought by a Belgian consumer association. The ruling will also have implications for pension schemes, where life expectancy is an important criterion.

Euro bail out. At the Eurozone leaders' summit, agreement was reached to increase the EU rescue facility from 250 to 440bn euros (**12 March 2011**).

The leaders also agreed to: (i) increase the guarantees they provide to the bailout fund to allow it to raise capital on international markets; (ii) lower the interest rate and lengthen the maturity on loans extended to Greece (following Greek agreement to embark on a new phase of privatisation); and (iii) support the Franco-German [proposal](#) for a Euro Pact that sets out conditions to guarantee greater economic and fiscal policy co-ordination, including a lowering wages to match productivity levels, lowering taxes on labour, linking pensions to life expectancy and greater tax policy coordination.

The leaders declined to: (i) revise the conditions of the Irish loan (given the unwillingness of the Irish Government to increase their corporation

tax); and (ii) permit the fund to finance bond buy-backs of debt-ridden states.

The 17 Euro zone countries will also be expected to implement agreed reforms outlined in the pact by no later than the release of their National Reform Programmes (due to be published in **April 2011**). The matter will be discussed further at the next Heads of State and Government summit (**24 – 25 March 2011**).

The name's Bond, Project Bond. The Commission has launched a [consultation](#) on the 'Europe 2020 Project Bond Initiative' (**28 February 2011**). The Initiative would provide EU support to companies issuing bonds to finance large-scale infrastructure projects in the transport, energy and information and communication sectors. The consultation explores methods to attract capital market funding from investors (e.g. pension funds, insurance companies) for such projects. The online consultation closes on **2 May 2011**.

Polythene bags. At the recent Environment Council a group of member states, led by Austria, has called upon the Commission to explore regulatory options to reduce the usage of polythene bags by the retail sector (**14 March 2011**). The commission responded with a declaration that it would consider legislation, and as an interim step would undertake an impact assessment on an EU-wide ban on single-use polythene bags.

Aarhus Convention. The European Court of Justice (ECJ) has [ruled](#) that the UN [Aarhus Convention](#) does not give EU citizens or NGOs the right to intervene at a national level in judicial/administrative proceedings regarding the environment. Environmental campaigners had been utilising the 1988 Convention to support their case for greater access to justice. As a result of the ECJ's interpretation, application of the protocols of the Convention will remain the purview of Member States' Courts.

UPCOMING EVENTS & MEETINGS

March	
17	Parliamentary Energy (ITRE) Committee hearing on green house gas emissions
17 - 18	ADR consultation closing date Agriculture & Fisheries Council
20	Trade Council informal dinner
23 - 24	Parliament mini plenary Brussels
24 - 25	European Summit
25 - 26	Environment Council informal
28	Education, Youth & Culture Council informal
29	Bio-energy consultation closing date
31	Transport Council
31 - 1.4	Committee of the Regions Plenary

April	
1	Demography/family Policy informal Council
4 - 7	Parliament Plenary in Strasbourg
4 - 5	Health Council (informal)
8 - 9	ECOFIN (Informal)
11 - 12	JHA (informal)
11 - 15	EU Sustainable energy week
14	ENVI committee to discuss 2 nd reading report into food labelling.
14 - 15	Agriculture & Fisheries Council
18	Deadline for responses to Green Paper on Public Procurement



CONTACT DETAILS

Dr Ian Duncan
Rond Point Schuman 6
B – 1040
Bruxelles

Tel: 0032 2282 8377
Fax: 0032 2282 8379

Email: ian.duncan@scottish.parliament.uk