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**COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

**The World Summit on Sustainable Development one year on:
implementing our commitments**

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1. INTRODUCTION

The Johannesburg World Summit on Sustainable Development (WSSD) was held in September 2002, with the participation of some 100 world leaders and representatives from 193 countries. Stakeholders mobilised more than 8000 participants from NGOs, businesses and other groups.

The WSSD reaffirmed the Rio Principles, Agenda 21 and the Programme for the Further Implementation of Agenda 21. By putting strong emphasis on implementation, the WSSD sought to revitalise the spirit of Rio. In doing so, the Summit maintained sustainable development high on the international political agenda.

Together with the Millennium Development Goals,¹ the Doha Development Agenda and the Monterrey Consensus, the outcome of the WSSD is one of the essential building blocks of a worldwide partnership for sustainable development. Its overarching objectives are:

- to eradicate poverty
- to achieve sustainable patterns of production and consumption
- to protect the natural resources on which the economic and social development of future generations will be based.

Globalisation is both a reality and a steady process. It has the potential to deliver large benefits in terms of wealth, trade, cultural interchange and, ultimately, peace, if it is properly harnessed. The European Commission believes that this requires strong institutions at international level to ensure proper governance and participation by all. Support for multilateralism in the aftermath of the war in Iraq and at a difficult time for the International Trade System is more necessary than ever.

Global institutions must deliver on the above objectives if they are to earn the trust of world citizens. We need to make progress on the whole of the global agenda, remembering that solutions should preferably rely on mutually supportive moves on sustainability, trade and finance in order to boost achievements and increase effectiveness.

The EU for its part must live up to its commitments and fulfil the ambitions so forcefully stated in Johannesburg.

The EU can only do so through a joint effort. Member States, the European Parliament and other EU bodies as well as stakeholders must be all on board for the EU to successfully do its homework.

The EU's general Sustainable Development Strategy was adopted by the European Council in Göteborg in June 2001. At the same time as adopting this broader strategy the Council also added an environmental dimension to the Lisbon Strategy on "Growth, Jobs and Prosperity". Finally, in March this year, the European Council agreed to add on some additional elements to be included in the Sustainable Development Strategy as part of EU follow-up to WSSD.

¹ The Millennium Declaration, adopted by 147 heads of state and 189 states of the United Nations, mainstreams 8 mutually reinforcing development goals, the Millennium Development Goals, and 18 related targets into the global development agenda.

The review of the Sustainable Development Strategy, foreseen for the start of the term for the new Commission, will be the main vehicle for implementing the WSSD commitments and thus mainstream the external dimension of sustainable development into the Strategy. The European Parliament, the Council as well as other EU bodies, will then have the opportunity to play an active role and express their views in a wider debate on sustainable development. The review will also include a broad consultation of stakeholders.

Without prejudging the review of the Sustainable Development Strategy and the cross-sectoral headline objectives of this strategy, this communication takes stock of progress achieved so far in implementing the WSSD commitments and outlines the actions undertaken by the EU, both internally and externally in this regard.

2. THE WSSD MAIN TARGETS

The main outcomes of the WSSD are:

- the Johannesburg Declaration on Sustainable Development, in which world leaders expressed their commitment to achieving universal prosperity and peace through the reduction of poverty, the protection of our planet’s natural resources and the promotion of human development;
- the Johannesburg Plan of Implementation, a blueprint for action laying down specific time-bound targets.

Johannesburg launched more than 200 partnerships, including the EU’s “Water for Life”, “Energy for Poverty Eradication and Sustainable Development” or the “Forest Law Enforcement, Governance and Trade” initiatives. These partnerships, designed as tools for joint action by governments, international organisations and stakeholders, were essential steps in moving from “words to deeds”.

The Johannesburg Summit also confirmed the international community’s support for multilateralism. World leaders reaffirmed their commitment to *“the principles and purposes of the Charter of the United Nations and international law, as well as to the strengthening of multilateralism”* and pledged jointly to address global sustainability challenges.

The WSSD adopted a number of new, quantifiable targets, while reaffirming existing international development goals, in particular the Millennium Development Goals.

WSSD Main Targets

- To halve the proportion of people without access to safe drinking water and basic sanitation by 2015.
- To increase access to modern energy services, energy efficiency and the use of renewable energy and support the target set out in the New Partnership for Africa's Development (NEPAD) to ensure energy access for at least 35% of Africans in the next 20 years.
- To reverse the current trend in natural resource degradation as soon as possible by implementing strategies that include targets to protect ecosystems and achieve integrated management of land, water and living resources, while strengthening regional, national and local capacities.
- To reduce biodiversity loss significantly by 2010 and halt the decline in fish stocks.
- To minimise the harmful effects of chemicals (especially by ensuring that, by 2020, chemicals are not used in ways that harm human health and the environment).
- To develop a ten-year framework of programmes on sustainable consumption and production.
- To start implementing sustainable development strategies by 2005 in all countries.

The EU went to Johannesburg with an ambitious platform, building upon the proposals made by the Commission in its Communication of February 2002 "Towards a Global Partnership for Sustainable Development".² The EU played a leading role in the WSSD negotiations and pledged to go further than multilaterally agreed commitments in a number of areas such as renewable energy.

The EU will have to demonstrate specifically how it intends to live up to its global commitments. As noted in the Commission's 2003 Synthesis Report,³ delivering on the commitments will require a long-term effort, focusing on policy coherence, sustainable globalisation and sustainable consumption and production – both in the EU and internationally – as well as poverty reduction, including resource transfer. The EU will actively engage in international co-operation and multilateral processes to support achievement of the WSSD targets.

In the EU, the basic policy framework for implementation is in place. In March 2003, the European Council strengthened the EU Sustainable Development Strategy by defining a set of priorities for EU action to implement, *inter alia*, the political ambitions agreed in Johannesburg, Doha and Monterrey. In fact the WSSD outcome is in the process of being internalised in the EU's own domestic policy agenda.

² COM(2002) 82 final.

³ The yearly Synthesis Report offers the European Council a follow up on progress towards implementing the Lisbon Strategy. COM(2003)5 final/2.

Priorities agreed by the 2003 Spring Council

- ensuring effective follow-up to the new goals and targets agreed in Johannesburg on water and sanitation, the protection of the marine environment, depleted fish stocks, chemicals and natural resources, including forests and biodiversity;
- ensuring effective follow-up to the commitment made in Monterrey on the realisation of the 0,7% target for official development aid;
- enhancement of corporate social and environmental responsibility both at EU level and internationally;
- means of promoting sustainable and fair trade, notably through developing incentives to trade in sustainably produced goods and encouraging export credits consistent with sustainable development;
- further development and implementation of the Union's "Water for Life" and "Energy for Poverty Eradication and Sustainable Development" initiatives;
- contributing to the development of regional sustainable development strategies, building for example on the experience gained in the context of the EUROMED process;
- timely elaboration at both international and EU level of the 10-year framework of programmes on sustainable consumption and production, on which the EU should take the lead;
- strengthening international environmental governance, which could lead to the upgrading of UNEP into a specialised UN agency with a broadly-based mandate on environmental matters”.

Achieving the WSSD targets will require leadership and synergies both internally and externally, so as to avoid adverse impacts, duplication and policy clashes. Improving coherence between policies, including between internal and external policies is the key challenge to sustainable development both within the enlarged EU and at global level. In this context it is important to underline that there is a close relationship between the follow-up processes of all major UN Conferences and that the international community needs to avoid the risk of double work and conflicting agendas.

Similarly, it is necessary to foster dialogue and cooperation with stakeholders within the EU, and with partners outside the EU, particularly developing countries, where it is important to raise awareness and promote the integration of sustainability challenges into development and poverty reduction strategies.

The European Commission, building on the work of the task force on sustainable development indicators is developing a comprehensive assessment and reporting system based on specific indicators. Priorities coming from the WSSD implementation constitute an integral part of the framework for indicators, which is the basis for this system.

3. INTERNAL ASPECTS

It is essential to achieve more policy coherence, partly by assessing the various internal and external impacts of EU policy proposals. Sustainable management of natural resources and promotion of sustainable consumption and production are also essential for implementation of WSSD goals in the EU. Finally, the enlargement of the EU constitutes one important, self-standing contribution to sustainable development.

3.1. Coherence: EU Sustainable Development Strategy and external spill-overs.

Policy coherence is a challenging concept which encompasses several dimensions.⁴ There is scope for improving internal policy coherence notably by furthering the integration of sustainability goals into EU policies. Also, domestic EU policies may have “spill-over” effects on other countries and may thereby undermine the objectives of EU policies there, notably in the area of development cooperation. Both aspects (i.e. ensuring internal policy coherence and preventing detrimental impacts outside the EU) were taken into account in a variety of EU policies such as –inter alia- agriculture, fisheries, transports or energy:

- The recently agreed 2003 reform of the Common Agricultural Policy (CAP) achieves a major shift towards a sustainable agricultural model for Europe and moves away from trade-distorting production-based subsidies. It promotes more sustainable farming thanks to decoupling support from production, codes of good practices, eco-conditionality, rural development measures and supervision mechanisms. It foresees compliance with environmental, food safety and animal welfare requirements. This should notably impact positively on maintenance of soil fertility, protection of biodiversity, semi-natural habitats and landscapes, as well as improve eco-efficiency in input use.
- The proposed reform of the Common Fisheries Policy will lead to the development of an ecosystem approach to fisheries that respects safe biological limits, and to the removal of capacity-enhancing subsidies. The December 2002 Communication on the Community’s Fisheries Partnership Agreements (FPAs)⁵ recognised the need to ensure coherence with development objectives and to contribute to the sustainable management of fish stocks at global level.
- The actions outlined in the Green Paper on Energy and Security of Supply⁶ and in the White Paper on European Transport Policy for 2010⁷ should also help to achieve increased coherence in both policy areas through better integration of sustainability requirements. The latter includes a series of proposals to address detrimental environmental impacts and to prevent traffic congestion. The implementation of these measures will make a substantial contribution to sustainable development. The removal of energy subsidies that are environmentally harmful also remains an important priority.

⁴ See Commission Communication “Towards a Global Partnership for Sustainable Development” COM(2002) 82 final and the 2003 Environmental Policy Review.

⁵ Communication from the Commission on an integrated framework for fisheries partnerships agreements with third countries, COM(2002) 637 final.

⁶ COM (2000) 769 final.

⁷ COM (2001) 370 final.

- Measures taken under regional and cohesion policy can also have a significant impact on land and natural resources. They therefore have to be accompanied by an assessment of their environmental impact.
- Corporate social responsibility (CSR) practices can contribute to the objectives of EU policies, particularly sustainable development, by supplementing existing policy tools such as trade and development agreements. A priority area of the Strategy to promote CSR is its integration into community policies⁸.

In addition to policy developments, a horizontal instrument for assessing the impact of all major Commission policy proposals⁹ has been set up. This new mechanism will make a decisive contribution towards improving coherence by allowing upstream analysis in the decision-making process of potential economic, social and environmental effects, including on third countries.

The importance of integrating environmental protection requirements into other EU policies, with a view to promoting sustainable development, is recognised in Article 6 of the Treaty. In June 1998, the Cardiff European Council requested different Council formations to prepare strategies and programmes aimed at integrating environmental considerations into their respective policy areas (industry, internal market, development, fisheries, energy, transport, agriculture, general affairs, economic and financial affairs or information and lifelong learning). This process needs to be reinvigorated as underscored by the European Council in March 2003 and the 2003 Environment Policy Review.

In the context of the Strategy for Sustainable Development and of the Charter of Fundamental Rights of the EU proclaimed in Nice in December 2000, the EU is committed to fully integrate economic, social and environmental considerations, as well as fundamental rights including core labour standards and gender equality, into its policies and actions, with due respect to both their internal and external dimensions.

The commitment towards integration of sustainability concerns into external policies was reaffirmed by the Thessaloniki European Council in June 2003. EU leaders agreed to set up a “Green Diplomacy Network” whose work was to be instrumental in implementing the RELEX Integration Strategy adopted in March 2002. It should also help to make more effective use of EU diplomacy in support of its environment and sustainable development agenda.

In October 2003, the Commission and Member States have established a senior level informal network on coherence in the area of development cooperation. The network will foster capacity building and co-ordination and set concrete targets for work on coherence. The participants will alert each other on policy initiatives with implications for development cooperation and spot incoherencies where they exist.

⁸ Communication from the Commission on “Corporate Social Responsibility: A business contribution to sustainable development”, COM(2002) 347.

⁹ Communication from the Commission on Impact Assessment - COM(2002) 276 final.

Ongoing EU activities

- Improvement of policy coherence at EU and Member State level to improve synergies while avoiding detrimental impacts both within the EU and in third countries.
- Implementation of the reform of the Common Agriculture Policy decided in 2003 and continuation of the reform process for the leftover agricultural sectors.
- Implementation of the reform of the Common Fisheries Policy.
- Integration of environment into other policy areas where environmental pressures are particularly high such as transport, energy and industry and reinvigoration of the Cardiff process.
- Assessment of economic, social and environmental impacts of major policy proposals and of trade negotiations.
- Improvement of the integration of CSR principles into EU policies, where appropriate.
- Launching of the Green Diplomacy Network, in line with the Thessaloniki European Council conclusions, and of the informal coherence network on development cooperation, in line with art. 179 EC Treaty.

3.2. Sustainable management of the natural resource base

The Johannesburg Plan of Implementation states that to “*reverse the current trend in natural resource degradation [...] it is necessary to implement strategies to protect ecosystems and to achieve integrated management of land, water and living resources.*”

Although the EU already has a broad range of measures aimed at achieving sustainable management of natural resources (e.g. biodiversity, water and land), further action is required to meet the Johannesburg targets and is planned in a variety of fields.

At the WSSD, all countries committed themselves to “*significantly reducing the rate of biodiversity loss by 2010*”. The EU went even further by setting up a more ambitious target: to halt the decline of biodiversity by 2010. In order to achieve this target, the European Commission has launched a broad consultative review of EU biodiversity policy and will make recommendations for a set of priority measures, which will include actors and timeframes, and will also identify the resources needed. Specific biodiversity action plans have already been established in some sectors (agriculture, development, fisheries etc.). Biodiversity implementation indicators are being developed in cooperation with the European Environment Agency.

As oceans and soils are crucial reservoirs of biodiversity, the Commission has adopted two Communications, “Towards a strategy to protect the marine environment” and “Towards a thematic strategy for soil protection”.¹⁰ The actions proposed in these communications will provide the basis for developing comprehensive soil and marine strategies.¹¹

The Commission has recently outlined a new strategy to promote the sustainable use of resources.¹² This strategy will tackle resource use in a fully comprehensive way and focus on the environmental impacts of resource use, with a view to decoupling economic growth from environmental degradation. Its three key objectives will be gathering information and keeping it updated, assessing policies that directly or indirectly affect resources, and identifying appropriate measures. The purpose of the actions implemented will be to examine the whole lifecycle of our natural resources from entry into the economy to return to soil, air, and water, and to identify the resource usages with the greatest potential for environmental improvement, taking into account technological possibilities and socio-economic aspects.

Ongoing EU activities.

- Review of the EU’s biodiversity policy and develop action plans on marine and soils strategies.
- Development of a strategy to promote a more sustainable use of resources.

3.3. Sustainable consumption and production

The Johannesburg Plan of Implementation includes a commitment to “*promote sustainable consumption and production patterns, with developed countries taking the lead and with all countries benefiting from the process*”.

A broad mix of policies and tools to promote sustainable consumption and production, addressing both the supply and the demand side, is already in place in the EU. These include, for example, Integrated Pollution Prevention and Control (IPPC),¹³ the EU Eco-Management and Audit Scheme (EMAS),¹⁴ the EU Eco-label¹⁵, the new community framework for taxation of energy products and electricity and the Integrated Product Policy (IPP).¹⁶

¹⁰ Commission Communication – Towards a Thematic Strategy for Soil Protection, COM(2002) 179 final, 16 April 2002 and Commission Communication – Towards a Strategy to protect and conserve the marine environment, COM(2002) 539 final, 2 October 2002.

¹¹ The 2003 Environment Policy Review contains a description of the state of preparation of the various thematic strategies under the 6th EAP.

¹² “Towards a Thematic Strategy on the Sustainable Use of Natural Resources”, COM(2003) 572.

¹³ Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control.

¹⁴ Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001 allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

¹⁵ Regulation (EC) No 1980/2000 of the European Parliament and of the Council of 17 July 2000 on a revised Community Eco-label Award Scheme

¹⁶ Integrated product policy, building on environmental life cycle thinking, COM(2003) 302.

In key sectors like transport and energy, there exist a number of initiatives to promote energy saving and efficiency (e.g. energy performance of buildings, combined heat and power production), targets for renewable energy in electricity generation and motor fuels, and measures to shift the transport of goods to rail and waterborne transport. Also, waste is managed through a body of legislation based on three principles - prevention, recycling and reuse – and aimed at improving final disposal and monitoring.

Corporate social responsibility can also make a positive contribution to sustainable consumption and production as it has partly evolved in response to consumer demands and expectations. Consumers, in their purchasing behaviour, are increasingly demanding for information and reassurance that their wider interests such as environmental and social concerns are being taken into account in production and marketing conditions and companies are increasingly sensitive to these demands. As a response to this, a growing number of social, fair trade and environmental labels have originated from individual manufacturers (self declared labels), industrial sectors, NGOs or public authorities.

However, environmental gains achieved through implementation of legislative measures, voluntary instruments, technology and innovation are sometimes offset by growth in consumption.

Considering the broad range of policies and instruments already available in the EU, work on sustainable consumption and production should not attempt to reinvent the wheel. Instead, it should build on existing initiatives, focusing on those sectors where trends are worsening. It is particularly important to develop various policy measures, including market based instruments such as environmentally related taxes and incentives, to better reflect environmental externalities in the pricing of products and services as well as focused information and lifelong learning actions to raise awareness for changes in consumption and production patterns.

Most emissions from transport (lead, sulphur, CO, NO_x, VOC, particulates) are declining. However, CO₂ emissions are an exception. A number of measures, such as improved fuel efficiency, alternative motor fuels and modal shift should help change the present trend. It is also necessary to ensure that the environmental costs of road transport are better taken into account, notably through the development of a Community framework for pricing transport infrastructure, as proposed by the Commission.¹⁷

¹⁷ Proposal for a directive of the European Parliament and of the Council amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, COM(2003) 448 final

As for overall emissions of greenhouse gases, which largely originate from the energy sector and from energy use in other sectors (transport, industry, etc.), the latest official data (from 2001) show a 2.3% decline from 1990. So if the EU is to achieve its Kyoto target there needs to be an average annual decline of 0.6% until 2012. This will require additional measures, as well as some support from the Kyoto mechanisms, i.e. emissions trading, Joint Implementation and Clean Development Mechanisms. It is worrying, however, that a declining trend from the mid/late nineties has turned into an increasing trend at the beginning of this decade. Measures identified in the European Climate Change Programme,¹⁸ established in mid-2000, are at different stages of preparation or implementation and should help to put the greenhouse gas emission profile back on track for 2008-2012 and beyond.

Consistent with this, the second assessment report of the ECCP¹⁹ pointed to the importance of implementation and monitoring. An area that deserves particular attention is that of renewable energy, where Member States have demonstrated very different levels of progress towards contributing to the achievement of the overall EU target of 12% renewables by 2010 or the specific targets for renewables by 2010 in electricity or biofuels. The use of renewable energies and biofuels is expected to increase after 1/1/2004, the date when the new directive on taxation of energy products and electricity enters into force, as it includes provisions for lower taxation and more flexible use of fiscal measures for such energy products and electricity. Reporting obligations will allow the Commission in the near future to identify more precisely those Member States that might put the overall policy at risk.

As far as chemicals are concerned, the new EU chemicals policy, REACH²⁰, will make a decisive contribution towards meeting the WSSD goal to ensure the “*sound management of chemicals throughout their life cycle*”. The main objective of REACH is to ensure a high level of protection for human health and the environment, while preserving and enhancing the competitiveness of the chemicals sector.

The development of environmental technologies should play an increasingly important part in the EU’s strategy towards sustainable consumption and production. The Environment Technology Action Plan (ETAP) will set up a framework for promoting the development and use of environmental technologies, through the removal of market obstacles and the introduction of market based solutions, as well as through incentives such as investment grants, environmental taxation, phasing out of direct or implicit subsidies to polluting technologies and other market and institutional barriers which currently hinder technological innovation. The White paper on European Space Policy proposes action for the use of space technologies and Earth observation in the context of CAP reform, management of water resources and monitoring of the tropical forest.

¹⁸ Communication from the Commission on “EU policies and measures to reduce greenhouse gas emissions: towards a European Climate Change Programme”, COM(2000) 88.

¹⁹ Second European Climate Change Programme Progress Report, April 2003, <http://europa.eu.int/comm/environment/climat/eccp.htm>

²⁰ REACH, “Registration, Evaluation and Authorisation of Chemicals” COM(2003) 644.

Ongoing EU activities

- Implementation and development of existing measures and instruments to provide incentives for more sustainable products and services and to internalise social and environmental externalities. This includes inter alia objective, transparent and non-discriminatory voluntary labelling schemes based on ILO core conventions or recognised environmental standards as well as support to developing countries to use those schemes, including through capacity building and by supporting efforts to include the transparency, availability and non-discrimination of schemes.
- Focus on sectors where emissions continue to grow, especially transport and energy.
- Reform of chemicals policy.
- Support to the development and use of environmental technologies, inter alia, by implementing the actions put forward in the Environmental Technology Action Plan.

3.4. The contribution of Enlargement to sustainable development

The Commission Communication “Ten years after Rio: preparing for the WSSD in 2002”²¹ stated that *“the enlargement of the European Union may in fact be the biggest single contribution to global sustainable development that the EU can make.”*

On 1 May 2004 the EU will welcome its new Member States: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia. As from accession all these countries will be bound to enforce and implement EU legislation and policies. Bulgaria, Romania and Turkey will also continue to align their legislation with that of the EU as part of their accession process.

Enlargement has helped the acceding countries, which will be fully involved in the implementation of the EU Sustainable Development Strategy and of the Lisbon Strategy, to meet the WSSD Plan of Implementation targets and objectives in various sectors such as social policy, environment, development, and many others.

In the field of environment for instance, new Member States have adopted EU standards and made considerable efforts, with the support of EU instruments, to upgrade their environmental infrastructure. They have inter alia ratified the Kyoto protocol, improved the quality of drinking water and sewage treatment, extended measures for nature protection (through the Natura 2000 network) and aligned with EU chemicals legislation.

New member States have also brought their development policy in line with EU development policy and taken on board the various commitments of the EU development acquis.

²¹ COM(2001) 53.

With enlargement, the EU will also acquire new neighbours in eastern and south-eastern Europe. Co-operation through existing regional and sub-regional frameworks, and through bilateral partnerships between the EU and its other neighbours in South-eastern Europe, the NIS and the Mediterranean basin, will become increasingly important²². The reinforced relationship between the EU and other neighbouring countries has become a very significant driving force in promoting sustainable development and raising environmental standards. This has resulted in co-operation on key issues such as climate change for instance, and has boosted environmental investment on the continent.

In May 2003, the *Environment for Europe* Conference in Kiev emphasised the need for follow-up to the WSSD at regional level and agreed on targets and priorities to implement the JPOI within the UNECE area. Following this Conference, the Commission outlined its views on future environmental co-operation between the enlarged EU and its neighbours in its communication on Pan-European Environmental Co-operation.

Ongoing EU activities

- Harmonisation with the environmental and social acquis in the new Member States subject to transitional arrangements.
- Support to new Member States to implement the acquis, through relevant Community instruments.
- Alignment of the new members with the objectives of EU development policy
- Intensified environmental focus on new neighbours in the context of the Wider Europe Strategy.

4. EXTERNAL ASPECTS

4.1. Poverty reduction

The Johannesburg Plan of Implementation states that “*Eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development, particularly for developing countries*”. Meeting the Millennium Development Goal of halving extreme poverty by 2015 is indeed a huge challenge which requires efforts in several fields, by all countries and at all levels.

The WSSD confirmed that protecting the environment and ensuring the sustainable management of the natural resources base should be seen as an integral part of the poverty reduction agenda. Degradation of natural resources can significantly hinder efforts at poverty reduction and economic development. Also, the poor are very often the worst hit by environmental deterioration and suffer most from lack of access to basic services like clean water supply and sanitation.

²²

Communication from the Commission to the Council and the European Parliament - Wider Europe - Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours, COM(2003) 104. A forthcoming “Wider Europe Package” is to be adopted in spring 2004.

The outcome of the International Conference on Financing for Development held in Monterrey in March 2002 (“The Monterrey Consensus”) recognised that achieving the internationally agreed goals, including those contained in the Millennium Declaration, demands a new partnership between developed and developing countries.

This new partnership requires action by developing countries to improve governance, particularly through the establishment of sound economic policies and solid democratic institutions responsive to the needs of the people. For developed countries, it means, *inter alia*, efforts to expand trade opportunities for developing countries, increased official development assistance (ODA), and debt relief.

In February 2001 the EU adopted its “Everything but Arms” initiative granting tariff and quota free access to the EU market for Least Developed Countries.

At the Barcelona European Council in March 2002, the EU undertook eight commitments²³ as its contribution to the Monterrey International Conference on Financing for Development (Mexico, 18-22 March 2002).

As requested by the General Affairs and External Relations Council in November 2002, the Commission has been asked to closely monitor implementation of these commitments. The first report was issued in May 2003²⁴. On the volume of Official development Assistance (ODA), it states that, despite a difficult budgetary background, implementation is advancing. However, major efforts still need to be made to meet the self-imposed obligations. In 2002, eight Member States had already met the target of 0.33% ODA/GNI and, in 2003, ten Member States will reach this objective. The accession of ten new Member States is an additional challenge and a new opportunity. The acceding countries will emerge as new donors, but most of them will be very far from the 0.33% target at the time of accession. The Commission is currently preparing a new report for the Spring of 2004, which could include additional proposals based on the Barcelona Commitments.

On the remaining commitments, there is also a consensus among Member States to move doing more to coordinate development cooperation policies and harmonise procedures to take further steps to untie aid, to make the necessary provisions to ensure Member State participation in the HIPC (Heavily Indebted Poor Country) initiative, as well as to work further on the issue of Global Public Goods and innovative sources of financing. Member States are also committed to enhance the efforts in the area of Trade Related Assistance (TRA) as well as to advance on the reform of International Financial Institutions.

²³ The Monterrey commitments deal with the volume of official development assistance, coordination and harmonisation, untying of aid, trade-related technical assistance, global public goods, innovative sources of financing, reform of the international financial system and debt relief.

²⁴ SEC(2003) 569

In addition to those developments at policy level, the EC is already supporting some practical work on implementation of WSSD commitments. From the budget line “environment in developing countries”, more than 9 million € will be made available from 2003 and 2002 budgets for projects addressing the sound management of chemicals, the interaction of trade and environment and forest governance. The call for proposals launched under the same budget line will provide another 65 million for work largely related to various WSSD commitments. Field work will start in 2004.

Ongoing EU activities

- Work to ensure timely delivery of the eight Monterrey commitments, including on increasing the volume of Official Development Assistance (ODA).
- Annual monitoring of follow-up to commitments, as decided by the General Affairs & External Relations Council of May 2003

4.2. Water, energy and forest initiatives

At the WSSD, the EC jointly with the Member States launched the “EU Energy Initiative for Poverty Eradication and Sustainable Development” (EUEI), the “EU Water for Life Initiative” (EUWI), and the “Action Plan for Forest Law Enforcement, Governance and Trade”.

The energy initiative aims at improving access to adequate, sustainable and affordable energy services in rural, peri-urban and urban areas in order to reduce poverty and support achievement of the other Millennium Development Goals (MDGs). The EU Water Initiative aims at contributing to the implementation of MDGs and WSSD targets on water and sanitation. The Forest Action Plan is mainly intended to combat illegal logging. These initiatives are designed as multi-stakeholder partnerships involving Member States, the EC, the EIB, civil society and the private sector.

The first year of the initiatives has seen the establishment of a consensus within the EU on future direction and approaches, and of an initial dialogue with beneficiaries and stakeholders. Early moves are being made to develop practical measures at country level. The EUEI and EUWI secretariats are hosted by the European Commission and activities under the initiatives are undertaken by the EC and the Member States, or jointly between them. Both initiatives have a strong focus on Africa, while they are also being developed in other regions. The two initiatives also build on the development of innovative private-public partnerships.

Actions being developed under the energy initiative include rural electrification, development of decentralised energy systems, increased use of renewable energy and enhanced energy efficiency (including cleaner, more efficient fossil fuel technologies, technology for more efficient appliances and more efficient use of traditional biomass). The main thematic components of the Initiative have been agreed with Member States and include energy policy development, institutional capacity building and technical co-operation, cross-sectoral planning, market development, and co-operation with financial institutions. A working group is developing financial strategies, and Member States are contributing to other aspects of the EUEI.

In the field of energy, the development of the Johannesburg Renewable Energy Coalition is crucial. Under this initiative, the 82 countries that have so far joined the coalition have agreed to set targets and timeframes for increasing the share of renewable energies in their overall energy mix, thus going beyond the commitments in the Johannesburg Plan of Implementation.

A key priority is to create synergies between the EU Energy Initiative for Poverty Eradication and Sustainable Development and other relevant initiatives - e.g. the Johannesburg Renewable Energy Coalition (JREC), the Global Village Energy Partnership (GVEP), the Global Network on Energy for Sustainable Development (GNESD), and the 2004 Bonn World Conference on Renewable Energies. Forming strategic alliances with these and other players will be important.

In order to improve energy service provision in developing countries, international private investment, leveraged by ODA, must also increase. Another crucial aspect will be for national and regional strategies to recognise the essential importance of energy provision in achieving poverty reduction and the other MDGs. Given the complex inter-relationships of energy and other key development sectors, there is a need for a significant upstream effort to integrate energy into national Country and Regional Strategy Papers (CSPs and RSPs).

The main objectives of the water initiative are to reinforce political commitment to action and raise the profile of water and sanitation with a view to reducing poverty, to promote better governance and integrated water resources management, including of transboundary waters, to improve co-ordination and to develop additional funding mechanisms. The EUWI has established a strong working partnership with the African Ministerial Council on Water (AMCOW) and the New Partnership for Africa's Development (NEPAD), is active in Eastern Europe, Caucasus and Central Asia (EECCA), and has initiated components for the Mediterranean and Latin America. For each region in which the Water Initiative is active, priorities have been established, with water supply and sanitation as well as integrated water resources management as core themes in all regions. Finance, research and monitoring have also been identified as cross-cutting components relevant to all regions. Working groups and a lead Member State have been established for each component.

On water, next steps should include the establishment of flexible and innovative funding mechanisms. The European Commission has proposed²⁵ the creation of an ACP-EU Water Facility, dedicated to the Water Initiative, amounting to a billion euros from the European Development Fund. The facility should act as a catalyst, attracting other sources of financing. The Commission is now preparing a new Communication on the specific procedural arrangements to be discussed by the relevant EU Council bodies and the ACP-EC Council of Ministers. If approved, the ACP-EU Water Facility would help to implement the EU-African Strategic partnership signed at Heads of State level in Johannesburg.

Building on the involvement of beneficiary governments and stakeholders will be essential to the success of the initiatives, which are based on ownership by beneficiary countries and have adopted a bottom-up, demand-driven approach. Two high-level conferences offered the opportunity to pursue the dialogue with all stakeholders: in Nairobi in November 2003 for the Energy Initiative, and the Pan African Water Conference in Addis-Ababa in December 2003 for the Water Initiative.

To stop illegal logging and trade in illegally harvested wood, the Commission, in May 2003, published an EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT),²⁶ setting out a package of measures which link governance reforms in producer countries with the legal framework of the internal EU market. The Action Plan involves a series of voluntary (but binding) partnerships agreements with wood-producing countries and regions. Through these partnerships, the EU and partner countries will set up a licensing scheme to ensure that all timber exports to Europe are legal. The partnerships will also encourage governance reforms in wood-producing countries, particularly to promote greater equity and transparency in association with forest harvesting operations. A key to the success of all three initiatives will be the continued and strengthened support and active involvement of Member States in the process.

Ongoing EU activities

- Provision of adequate financing for the initiatives through, inter alia, the upstream support of private public partnerships, and adoption of the Commission's proposal to implement the ACP-EU Water Facility.
- Intensified dialogue with stakeholders and beneficiaries at national and regional level, including through further involvement with NEPAD, to highlight the role of water, energy and forests in national and regional poverty strategies.
- Development of ownership among stakeholders and beneficiary countries.
- Work towards greater synergies between the EU initiatives and other relevant initiatives.

²⁵ "Establishment of an EU Water Fund", COM(2003) 211, 23.4.2003.

²⁶ Commission Communication on "Forest Law Enforcement, Governance and Trade, proposal for an EU Action Plan", COM(2003) 251 final.

4.3. Sustainable globalisation and trade

The objective of the European Union's sustainable development strategy in relation to globalisation is to make it more inclusive and equitable, as well as environmentally and socially sustainable.

The EU's stance in Johannesburg was that a good outcome of the WSSD could support a sustainable outcome of the Doha Development Agenda negotiations, but also that trade policy could do more to contribute to global sustainable development outside the scope of Doha, through positive and supportive action. The WSSD Plan of Implementation confirms both aspects.

The EU's follow-up to the WSSD commitments on trade and globalisation seeks:

- to reinforce a pro-development outcome of the Doha Development Agenda across the board
- to enhance the contribution of trade to sustainable development through complementary actions
- to ensure the mutual supportiveness of trade and environment and the social dimension of globalisation
- to foster interaction and co-operation between the WTO and relevant international organisations in support of the common objective of sustainable development.

The Doha Development Agenda has the potential to bring benefits to all and to contribute to address the needs of developing countries, to contribute to good governance as well as to deal with the interface between trade and environment. The setback in the Cancun ministerial meeting does not challenge these objectives but underlines that they should be given an even stronger focus. The Commission has recently issued a communication²⁷ aimed at reviving the Doha negotiations. The communication indicates that the fundamental objectives of the EU remain valid: a clear preference for a multilateral trade system, a strong rules-making component alongside market access and the need to ensure that the negotiations do deliver a development round and contribute to sustainable development. On trade and Environment in particular, our fundamental objectives and level of ambition should remain unchanged. However, a stronger focus on the political and governance dimension is proposed.

The EU will continue to support a positive sustainable outcome within the framework of the Doha Development Agenda. Sustainability considerations must be reflected throughout the negotiations to maximise the potential for positive synergies between trade liberalisation, environmental protection and economic and social development pursued in all international fora.

²⁷ Communication from the Commission "Reviving the DDA negotiations, the EU perspective", (COM(2003) 734) 26.11.2003.

Since the WSSD, the EU has taken important steps to comply with the WSSD commitments as well as complementary action in support of the Doha Development Agenda, through a number of measures.

The EU is committed to including a substantive element on environment and sustainable development in regional and bilateral trade negotiations and has initiated such work for, e.g., the Mercosur agreement or Economic Partnership Agreements with ACP Countries.

In order to provide exporters in non-EU countries with technical information they may require regarding access to EU market, the Commission is in the process of setting up a special Trade Helpdesk.

The Commission will review what can be done concretely to encourage trade in environmentally friendly goods, notably those originating in developing countries, including through public procurement procedures. The idea is to build on emerging initiatives, whether private (e.g. Fair Trade Initiative) or public (e.g. governmental eco-labelling schemes), and encourage their expansion through export promotion, awareness raising and appropriate market incentives.

The Commission supports the launching of Sustainable Trade and Innovation Centres (STICs) and of the European Trade Forum, aimed at helping developing countries' producers to benefit from growing market opportunities, notably for environmentally friendly products.

The WSSD rightly stresses the need to enhance the delivery of co-ordinated, effective and targeted technical assistance to best contribute to meeting the challenge of sustainable development. Developing countries' efforts to integrate into -and benefit from- the global trading system need to be effectively supported through trade-related capacity-building and technical assistance programmes and projects.

The European Union is by far the largest contributor of Trade Related Assistance (TRA), taken its broader definition (including supporting private sector with trade development) with more than € 2 billion, or 48 per cent of total TRA provided during the reporting period 2001-2002. In the field of trade and environment, the EC submitted to the WTO in September 2003 a non-exhaustive overview of the Member States and Commission's trade-related activities in the field of trade and environment gathering around 300 TRA programmes amounting to several hundred million euros.²⁸ It demonstrates that the European Community fully acknowledges the need for Trade and Environment technical assistance as being critical for developing countries to meet the challenge of sustainable development. Such assistance should in particular help developing countries reap the benefits of further trade liberalisation and of new market opportunities while moving towards sustainable development, also at national level, including by developing adequate environmental legislation. At the international level, further consideration should be given to the idea of a strategic partnership between the WTO and other relevant international organisations involved in technical assistance and capacity building activities so as to best use resources and expertise and maximise synergies and complementarities (e.g. UNEP/UNCTAD joint task force on trade, environment and development, ILO programmes on the

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Available online: http://europa.eu.int/comm/trade/issues/global/environment/wto_nego/index_en.htm

promotion of core labour standards including on the Elimination of Child Labour and other programmes related to the ILO decent work agenda).

The greening of export credits remains an important priority. Strengthening the draft OECD recommendation on Common Approaches to Environment and Officially-Supported Export Credits, in particular by generalising the use of international standards and increasing transparency, should pave the way for its formal adoption early in 2004.

Corporate Social Responsibility (CSR) lies at the heart of the debate on sustainable globalisation. The European Union support CSR codes (such as those based on the OECD Guidelines for multi national enterprises or building on ILO core conventions), is integrating CSR references into trade agreements, and has set up a Multi-Stakeholder Forum on CSR to follow-up the Commission Communication of July 2002²⁹. This process of dialogue aims to assess what the EU can and should do to promote CSR both at home and globally.

Sustainability Impact Assessments - SIA - is a tool which is at the core of the EU's efforts to internalise sustainability considerations into its trade policy, in particular its trade negotiations. The SIA is constantly being improved and with each study carried out the bank of knowledge and experience regarding the impact of trade agreements on sustainable development grows. In particular, a large SIA seminar held in February 2003 established that an inclusive SIA consultation process is crucial. Thus the Commission is now putting a lot of emphasis into establishing effective networks and in bringing together interested parties from different origins, such as developing countries' representatives and stakeholders, Non Governmental Organisations (NGOs), and technical experts. Drawing on this experience, the Commission has decided to fund the organisation of local seminars in Mercosur and African Caribbean and Pacific countries. This pilot action over the next months will provide a better basis for defining a benchmark for the quality of consultation in future SIA processes.

The European Commission will also strive to upgrade its dialogue with its trading partners on SIA and sustainable development to facilitate the involvement of their civil society and to improve mutual understanding of policy interlinkages, notably in the framework of trade negotiations. The Commission thinks that, in some specific cases, it may be more appropriate to directly finance developing countries or relevant international organisations, such as UNEP, to carry out SIA studies. It also considers of key importance to respond to the results of SIA studies and integrate them into trade policy and, where necessary, into other policy areas.

Lastly, strengthening the social pillar of sustainable development is key. Important work is going on in the ILO, which has established in February 2002 the World Commission on the Social Dimension of Globalisation (WCSDG) to identify policies promoting a model of globalisation which reduces poverty and promote growth and decent work, and assist international community to forge greater policy coherence. The WCSDG will present its report by mid-February 2004.

²⁹

Communication from the Commission concerning "corporate social responsibility, a business contribution to sustainable development", COM(2002) 347, for more information on the CSR forum: http://forum.europa.eu.int/irc/empl/csr_eu_multi_stakeholder_forum/info/data/en/csr%20ems%20forum.htm

Ongoing EU activities

- Participating in WTO negotiations in accordance with the Doha Development Agenda, particularly with a view to allowing developing countries to effectively integrate into the world trading system.
- Strengthening of the sustainability dimension of regional and bilateral trade agreements under negotiations.
- Strengthening of international economic governance through co-operation between the WTO and Bretton Woods institutions and achieve mutual supportiveness between trade and environment through co-operative arrangements involving the WTO, UNEP/MEAs and UNCTAD;
- Promotion of trade in environmentally friendly goods, notably from developing countries, through the Trade Helpdesk, support to STICS and other measures.
- Work on capacity building and technical assistance programmes to help developing countries expand exports and develop policy responses to sustainability challenges. Support a strategic partnership between the WTO and other relevant international organisations involved in trade assistance and capacity building for sustainable development.
- Improvement of the draft OECD recommendation on export credits and the environment, with a view to its formal adoption early in 2004.
- Work to strengthen corporate social and environmental responsibility, including the contribution by EU companies to sustainable development in third countries, and implement the OECD Guidelines for multinational enterprises.
- Contribute to the follow-up and implementation of the report of the WCSDG.
- Development of SIA methodology and dialogue with stakeholders involved in the SIA-process.

4.4. Governance for sustainable development

There is a growing consensus that the global governance system must gain legitimacy, coherence and effectiveness. This requires the re-examination of international governance arrangements and the interplay between the main institutions representing the dimensions of sustainable development.

Strategic partnerships between these institutions are now needed more than ever in order to support multilateralism and achieve the Johannesburg targets. It is also necessary to ensure coherence and to develop synergies in the follow-up to all major UN conferences. The Commission is closely following the work of the Ad Hoc Working Group on the Integrated and Coordinated Implementation of and Follow-up to the Outcomes of the Major United Nations Conferences and Summits in the Economic and Social Fields, and hopes that a common framework for the follow-up of major UN Conferences - not only for the WSSD follow-up, but for the whole UN Family - will emerge from the work of this group.

Enhanced partnership between the Commission and UN Agencies, Funds and Programmes, as proposed by the Commission³⁰, can play a supportive role in furthering the achievement of these objectives. An example of that is the renewed partnership between the European Commission and ILO, covering cooperation on promotion of decent work, poverty reduction and the social dimension of globalisation. A strategic partnership between the Commission and ILO in the field of development cooperation is under preparation.

Strengthened international governance for sustainable development is clearly an essential requirement for progress in WSSD implementation. In this regard, the European Council has stressed the need to reinforce the United Nations Environment Programme (UNEP) and to consider the need for its institutional upgrading by creating a UN Environmental Agency. In the short/medium term, UNEP's political authority should be reinforced and its budgetary basis improved. The EU should also promote coordination among, and implementation of, multilateral environmental agreements (MEAs), for example, through more effective compliance mechanisms. Ratification of MEAs, in particular the Kyoto Protocol, remains a key priority for the EU.

The EU should continue to play a substantive role in the UN Commission on Sustainable Development (CSD). The CSD has a unique role in the UN system, by bringing together governments, international organisations and major groups, and enhancing dialogue in key areas of sustainable development. Its work programme for 2004-2017, adopted in May 2003, has a strong focus on implementation of the WSSD targets and goals. This should give a more practical, action-oriented focus to CSD deliberations.

Changing consumption and production patterns, a central item on the Johannesburg agenda, is mainly an internal challenge for the European Union. At the same time, the EU has to play a leading role in ongoing international work to develop a ten-year framework of programmes on sustainable consumption and production by actively supporting the process launched in Marrakech in June this year by UNDESA and UNEP. It is also important to ensure that measures in the field of sustainable consumption and production are supportive of sustainable development in developing countries.

³⁰ The European Union and the United Nations: The choice of multilateralism, COM(2003) 526 final.

While better governance for sustainable development at international level is crucially important, good governance is first and foremost a domestic issue. Inadequate domestic policies in many countries, not only in developing countries, have played a major part in widening the gap between the poor and the rich, both within and between countries and regions.

The WSSD Plan of Implementation rightly emphasises national responsibilities to enforce clear and effective laws that support sustainable development. It also urges countries to develop and begin implementation of national strategies for sustainable development by 2005. Where applicable, these could be formulated in the context of poverty reduction strategies. The EU should support the establishment of poverty reduction strategies which include good governance. This may be implemented through technical assistance, and capacity and institution building.

Implementation at local level and the role of local authorities is crucial in implementing the WSSD commitments. Local Agendas 21 have proved to be a key tool in enhancing implementation and increasing awareness on sustainable development. The development of such strategies, including in developing countries, should be further encouraged with the participation of major groups.

The WSSD Plan of Implementation contains a “mandate for regionalisation”, putting a strong focus on initiatives and institutional frameworks at the regional and sub-regional levels. Consistent with this mandate, the EU should support a strengthened role for regional cooperation frameworks such as NEPAD, ASEM, ASEAN or Mercosur and reinforce its involvement in sub-regional processes (e.g. Mediterranean or Baltic cooperation).

There will also be a strengthened focus on regional and sub-regional implementation of the JPOI in the work of the CSD. The UN Regional Commissions have been invited to organise a Regional Implementation Forum at the beginning of each two-year cycle. The first such meeting in the UNECE region will take place in January 2004. One of the main challenges for the UNECE will be to develop an appropriate structure to address, in an integrated manner, the three dimensions of sustainable development.

Ongoing EU activities

- Work to strengthen the multilateral system of governance and the role of the United Nations in international co-operation for sustainable development as well as strengthening international environmental governance, in line with the European Council conclusions of March 2003.
- Promotion of integrated and coordinated follow-up to the major UN conferences
- Supporting CSD as the main international monitoring forum for the follow-up to the Johannesburg Plan of Implementation, as well as to regional follow-up.
- Active participation in work to establish a ten-year framework of programmes on sustainable consumption and production.
- Supporting the development and implementation of national sustainable development strategies - where applicable formulated in the context of poverty reduction strategies - by 2005 by all countries.
- Promotion of a more active role for civil society and the private sector by supporting relevant initiatives launched at the WSSD in this regard (e.g. Partnership for Principle 10 on access to information and public participation).
- Active contribution to the development of frameworks for regional and sub-regional cooperation within existing structures (e.g. UN Regional Commissions), as well as support to ongoing initiatives like the New Partnership for Africa's Development (NEPAD).

5. CONCLUSION

Implementation of the commitments undertaken at the WSSD will continue to be a challenge for the EU in the years to come. While many of the targets set at Johannesburg are for the longer term, it is important to demonstrate already at an early stage that action is taken and that progress made.

Internally, the key challenges for the EU will be to change unsustainable patterns of consumption and production and to ensure that natural resources are managed in a sustainable way, with de-coupling economic growth from natural resource use and environmental degradation the ultimate goal. Externally, EU's credibility will crucially depend on the effective implementation of its international commitments. Timely delivery of the EU's Monterrey commitments would be a major contribution to poverty eradication. The partnership initiatives on water, energy and forests launched by the EU in Johannesburg are also important to cement our credibility.

Underlying all those efforts there is the coherence issue. Clearly, avoiding detrimental impacts outside the EU and achieving internal policy coherence should remain central objectives permeating the implementation of all our WSSD commitments. For the Union, the EU's Sustainable Development Strategy will be the key tool for implementing the Johannesburg commitments. The review of the Strategy in 2004 for the new Commission provides an opportunity to ensure that the Johannesburg commitments are fully integrated in policy making at EU level.

The Johannesburg World Summit on Sustainable Development has been crucial in fostering synergy between all the distinct but mutually supportive international processes which aim at economic, social and environmental progress. It gave a global boost to sustainable development. Johannesburg represented a forceful commitment in support of multilateralism, of targets and of implementation.

A year later, the challenges faced by the multilateral system, notably in areas like security and trade, calls for renewed support to strong international governance. In this context, the EU, more than ever, must champion multilateralism.

To do so, it must take its responsibilities to deliver both internally and externally, towards the developing countries, on all its Johannesburg, Doha and Monterrey commitments. In this process, and based on our own deliverables, the EU must reach out globally with its social, economic and environmental agenda, which is the expression of the very principles and values that stand at the heart of the European Social Model.