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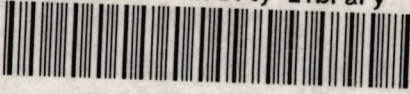
**Beyond the Earth Summit:  
The European Community Towards Sustainability?**

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**EUROPEAN UNIVERSITY INSTITUTE, FLORENCE**  
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**Beyond the Earth Summit:  
The European Community Towards Sustainability?**

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## **The European Policy Unit**

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## Contents

Introduction .....	7
1. Sustainable Development and the UNCED Challenges .....	8
1.a. Economic and Financial Challenges .....	10
1.b. Institutional and Policy Challenges .....	12
1.c. Political Challenges .....	13
2. The EC and the UNCED Negotiations, or the Difficulties of Be(com)ing a Leader .....	15
2.a. Claiming Leadership .....	15
2.b. Elements of the EC 'Sustainability Strategy' at UNCED ...	17
2.c. The EC Leadership and Sustainability Strategy in Practice: The Case of the Climate Change Negotiation .....	18
3. The EC Beyond UNCED, or the Difficulties of Achieving Sustainability .....	21
3.a. Is the Completion of the Internal Market Sustainable? ...	22
3.b. "Towards Sustainability" .....	23
4. Perspectives .....	26
4.a. The EC and the Commitments Announced in Rio .....	27
4.b. A 'Regional Way' Towards Sustainability? .....	28
4.b.1. Economic Integration, Subsidiarity and Sustainability	29
4.b.2. The EC and the Globalization of Environmental Issues	31
References .....	33





# Beyond the Earth Summit: The European Community Towards Sustainability?

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## Introduction<sup>1</sup>

Following the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in June 1992, also known as 'The Earth Summit', it is worth asking whether and how the idea of sustainable development that represented the core of this event is being put into practice. In the present contribution the case of the European Community (EC) is analysed in order to address that question in a specific context. Aim of the paper is then to describe the main features and discuss the main problems of the EC approach to sustainability during and especially beyond the Earth Summit, and to identify future perspectives.

The EC case presents three interesting features: a. the EC is a peculiar supranational setting with competences both in economic and environmental affairs; b. the EC is a regional organization of industrialized countries, and these countries have a special responsibility and the means to implement sustainable development strategies; c. the EC is explicitly aiming at becoming an international environmental leader.

During the complex negotiations characterizing the UNCED process the EC had been conducting a two-levels negotiating effort: within the EC in order to reach a shared Community's position, and at the international level where the EC attempts to act as a unitary and leading actor represented both a stimulus and a problem for the negotiations. At the same time the Community adopted a policy programme entitled *Towards Sustainability*,

<sup>1</sup> This contribution is a revised and updated version of a paper presented at the workshop on, *Cooperation, Conflict and the Global Environment. Reflections on the United Nations Conference on Environment and Development*, Harvard, December 4-6, 1992. My thanks to the participants to the workshop, and to Ilze Gotelli, Ida Koppen and Daniel von Moltke for their comments. I am also grateful to Marina Alberti for her assistance in gathering documentation.

and attempts are made to formulate 'sustainable' sectoral policies at the EC level. In other words the Community seems to be willing to address the complex relations between environment and development according to the sustainability frame both at the internal and international levels.

In the first part of the paper, a brief overview of the concept of sustainable development and of the challenges related to its implementation – challenged addressed by and to be faced following UNCED – is provided. In the second part, the EC role in the UNCED negotiations is examined; particular attention will be devoted to the case of the negotiation of the climate change convention. In the third part, a discussion of how the EC is addressing its own sustainability and is facing the challenges discussed in the first part is suggested. Finally some reflections on the potential role and perspectives of the EC regional setting in dealing with global environmental problems and negotiations are offered.

## 1. Sustainable Development and the UNCED Challenges

The formulation and diffusion of the concept of 'sustainable development' has been a major step between the Conference on the Human Environment that took place in Stockholm in 1972 – the first authoritative international summit on the environment – and the Rio Conference.<sup>2</sup>

The core of the concept of sustainable development appeared in the Stockholm Action Plan where it is stated that environmental management should "facilitate comprehensive planning that takes into account the side effects of human activities and to protect the environment for present and future generations" (UN, 1973: p. 28). However it was only in 1987, with the work of the World Commission on Environment and Development (WCED), that the idea of 'sustainable development' – defined as "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987: p. 43) – spread.

Certainly the WCED's definition is very general and allows different interpretations. As pointed out in *Caring for the Earth* (IUCN et al., 1991), 'sustainable development', 'sustainable growth' and 'sustainable use' have been used interchangeably, as if their meanings were the same; but this is not the case since the latter is only applicable to renewable resources, the

<sup>2</sup> On the outcomes of the Stockholm Conference see, for instance, Kay and Jacobson (1983). For a comparison between the problems addressed in Stockholm and the ones dealt with in Rio, see Liberatore (1992). For an evaluation of Rio outcomes see Haas, Levy and Parson (1992).

second is a contradiction in terms if 'growth' is regarded as an unlimited and quantitative process, and it is anyway different from the first that focuses on qualitative aspects. *Caring for the Earth* suggests another definition of 'sustainable development', i.e. that of "improving the quality of human life while living within the carrying capacity of ecosystems" (IUCN et al., 1991: p. 10). Also this definition can be interpreted in different ways since 'quality of life' is a very general category and the measurement of the 'carrying capacity' of specific ecosystems and of the whole planet is quite controversial.

What is important to take into account is that, independently from – or even thanks to – the vagueness of general definitions of sustainable development, such concept is becoming a sort of guiding metaphor in the formulation of policies and in the negotiation of international agreements. This is mainly due to the ability of such concept to reconcile, at least in theory, the goals of environment protection and economic development that were once viewed as opposed (for example, according to the famous 1972 report *Limits to Growth* of the Club of Rome). This in turn has both an intellectual persuasiveness, to be found in the emphasis on the interdependence of environment and development (for example, poverty can be both a cause and a result of environmental degradation), and a social and political palatability due to the fact that people and governments of both upper-income and lower-income countries are not inclined to renounce to economic well-being, while they may be willing to limit it, in order to protect the environment.

The sustainable development frame is not only made of general definitions; specifications are provided in the WCED report, even if they are often neglected. Among them the view of sustainable development as, "a process of change in which the *exploitation of resources, the direction of investments, the orientation of technology development, and institutional change* are all in harmony and enhance both current and future potential to meet human needs and aspirations" (WCED, 1987: p. 46; emphasis added).

To allow this change to occur, the apparently too harmonious (i.e. not attentive to the conflicts involved) view which seems to underlie the quoted definition is integrated with some strategic imperatives such as the need to change the quality of growth (make it less material, less energy-intensive, and more equitable in its impacts), the reorientation of technology, the merging of environment and economics in decision making.

The operationalization and implementation of the concept of sustainable development and the mentioned strategic imperatives had been at the core of the Earth Summit. Three main challenges to such enterprise can be identified in the UNCED process: economic and financial challenges,

institutional and policy challenges, political challenges. Those three challenges are in turn linked with broader cultural and social issues such as changes in behavioral patterns, life styles, perceptions of humans-nature interactions, gender relations, views of intra- and inter-generational justice, and so on.<sup>3</sup> In order to avoid being too general it is however necessary to focus on a few aspects, and the three mentioned challenges provide a good starting point for a discussion of ways of implementing sustainability in a specific context.

Let us briefly examine some general features of these challenges before turning to the discussion of the way they are addressed in the European Community. Since economic aspects represent the 'hard core' of any attempt to negotiate and achieve sustainability, they will be addressed first.

### 1.a. Economic and Financial Challenges

The success of any international environmental negotiation largely depends on the formulation and implementation of effective financial arrangements. These arrangements have been a matter of controversy and negotiation during and after UNCED.

First of all, financial resources to support the complex and comprehensive agenda for action adopted in Rio, Agenda 21, are still to be agreed upon. Although at UNCED the industrialized countries reaffirmed their intention (already expressed in Stockholm) to reach the target of 0.7% of GNP for development aid, no binding commitment nor timing to reach that target – that has been met only by Denmark, the Netherlands, Norway and Sweden – was agreed upon. Even if it can be rightly pointed out that a quantitative increase in development aid does not guarantee *per se* that additional funding is used in a way to foster sustainable development, the unwillingness of some industrialized countries (such as the US, Japan, UK and Germany) to commit themselves to increase development aid represents a negative signal with respect to the implementation of the otherwise vague principle of 'shared but differentiated responsibility' in protecting the global environment that was agreed upon in Rio.

Second, the management of the main financial programme presently in place, the Global Environmental Facility (GEF), is still to be clarified and agreed upon. Established as a pilot programme in 1990, GEF is executed under collaborative agreements between the World Bank, UNEP (United Nations Environment Program) and UNDP (United Nations Development

<sup>3</sup> On the theme of intergenerational justice, see Brown Weiss (1989), Partridge (1981), Shrader-Frechette (1981).

Program) and targets aspects of global warming, biodiversity, international waters and ozone layer protection in developing countries. At UNCED the agreement was reached to partially restructure the GEF to address some of the lower-income countries (grouped in the G-77) concerns, but such restructuring is controversial. Presently GEF is under pressure from two conflicting sources. On the one hand, the G-77 countries are demanding greater decision-making power for fund recipients and greater transparency in GEF governance. On the other hand, donor countries are insisting that funding be accompanied by strict screening procedures and reliable oversight mechanisms (see, Haas, Levy and Parson, 1992).

An important economic challenge referred to but far from solved in Rio concerns the relation between trade and environment. This relation is usually framed in terms of a contrast between trade liberalism versus eco-protectionism.

The concerns of trade experts and institutions focus on the constraints on trade created by environmental measures; on the other hand, environment experts and institutions point out that unrestrained trade has a harmful effect on the global and regional environment. The third, usually implicit, point of discussion is sustainable development; that is, whether and how trade liberalization or eco-protectionism may hamper sustainable development. The trade-environment discussion is especially developed within the context of the GATT (General Agreement on Tariffs and Trade) negotiations. In the current Uruguay Round environmental measures as possible constraints on trade are taken into consideration by GATT itself (see, GATT, 1992), and its outcome could result in far-reaching environmental consequences. Thus addressing the trade/environment/sustainable development issue represents a major challenge ahead.<sup>4</sup>

Another crucial issue to be dealt with is the 'economics of technology transfer'. Technology transfer – or technology cooperation – is interwoven with the two previous issues since the accessibility of clean and energy efficient technologies depends on the financial arrangements established to favour the diffusion of these technologies in lower-income countries (including the revision of present development aid policies) and on the general terms of trade. In this respect problems such as the protection of intellectual property rights and the reluctance of transnational corporations to make available the know-how, beside the materials, limit the scope of technology cooperation. These problems were discussed at preparatory meetings and in Rio. Constructive proposals were made with regard to

<sup>4</sup> On the relation between trade and environment see, Arden-Clark (1991), Koppen (1993), Patterson (1992).

issues like the transfer of environmentally sound energy technologies (see, ESETT, 1991), but strong disagreements also emerged; for example, within the context of the negotiation of the biodiversity convention.

Finally it is worth noting that all these aspects are related to the broader issue of the development of economic instruments and policies aimed at internalizing environmental pollution and degradation. The debate in this area cannot be summarized here,<sup>5</sup> however it represents an important background and component of the economic and financial challenges explicitly dealt with at UNCED and still to be faced.

### 1.b. Institutional and Policy Challenges

The monitoring and implementation of international conventions, the management of financial mechanisms, the settling of disputes and other aspects linked with the outcomes of UNCED require institutions able and legitimate to perform these tasks.

The above mentioned debate on the administration of the GEF and the debate on the features and competences of the Sustainable Development Commission (SDC) are the most important institutional challenges to be addressed at the international level. Rather than a mere matter of 'institutional engineering', these debates involve a serious consideration of global distributive issues (like the representation of donor and receiving countries in the management of GEF), of democracy issues (such as the accountability of institutions and the accessibility of information), of effectiveness issues (particularly the implementation of agreements and their contribution in enhancing the environment).

At the local, national, regional and international levels, a major institutional and policy challenge is the development of 'sustainable' sectoral policies. This requires, on the one hand, the integration of environmental concerns in the form of environmental impact assessments of infrastructure projects and productive processes. What is more, it requires the reconsideration of the overall sustainability of each policy not only in terms of possible negative environmental impacts, but also with regard to the way natural resources are managed and the way current models of production and consumption should be assessed in a long-term and global perspective. This involves the need to establish new institutions – or changing existing ones –

<sup>5</sup> Among the most influential and recent contributions to such debate see Pearce et al. (1989), Costanza (1991), Daly (1989); for critical discussions of environmental economics see Kelman (1981), Sagoff (1988).

to formulate and implement sustainable development programmes at various levels (local, national, regional).

Other institutional challenges regard the involvement of NGOs in international negotiations and the still unclear status of supranational (EC) and regional organizations in international negotiations.

The first point implies the acknowledgment of the need to broaden the scope of participation in deciding and implementing sustainable development programmes. This because of practical reasons (in order to favour compliance it is better to involve those who are required to comply – such as business organizations – as early as possible in the process) and ethical reasons (guarantee the participation of all possible stakeholders, including formal organizations and informal groups such as citizens' initiatives to guarantee an equitable negotiating process, if not necessarily equitable results).

The second point regards the need to make regional clusters (whether 'bio-regional', political or economic ones) participate in international negotiations in a way that they can constructively simplify – by providing 'aggregated agreements' – rather than adding difficulties (such as confusion of responsibilities) to the already very complex and fragmented international arena. As we will see, this is a problematic issue with regard to the EC role in the UNCED process.

### 1.c. Political Challenges

A major political challenge is represented by the *sovereignty issue*. If one asks whether global commons should be protected, an unanimous "yes" is likely to come as an answer. But if the question is whether national sovereignty should be constrained by considerations and actions aimed at protecting the global commons, different answers will be given. And understandably so. Some countries or social groups would argue that the survival of the planet is more important than the protection of geopolitical borders and that if the planet is destroyed those artificial borders will not matter any more. Others would emphasize that those who now discover the importance of tropical forests or the need to phase out CFCs (Chlorofluorocarbons) and limit CO<sub>2</sub> emissions for the sake of the global environment should better be reminded that forests in the temperate area were destroyed first, and that industrialized countries are the main producers and consumers of CFCs and other toxic substances. These different points of view are both consistent.

Then how can the contradiction between respecting sovereignty and protecting the global environment be resolved? As K. Piddington (1989)

argues, industrialized countries should recognize that humanity's common interest in solving the environmental crisis does not authorize a disregard for national sensitivity about sovereignty in lower-income countries. This sensitivity is in fact a response to the relatively recent colonial experience, and any disregard for hard-won sovereignty is likely to result in the accusation of new colonialism and in the corresponding confrontational attitude. On the other hand, controversies about sovereignty also arise between industrialized countries (the story of the acid rain issue being a case in point) and between lower-income countries (the management of water resources – especially rivers crossing several countries – being one of the most frequent sources of conflict).<sup>6</sup>

In order to avoid sovereignty arguments to become a basis for violent conflict over the access or property of natural resources, creative issue linkage must be used to identify mutually advantageous trade-offs.<sup>7</sup> At the same time, a radical change in perception should be encouraged so that sovereign states stop regarding themselves as self-sufficient units (which few, if any, are) and accept a future as components of a global system (IUCN et al., 1991). Within this framework, legal instruments might be found that couple sovereignty of states with an explicit recognition of their responsibility to manage and preserve the environment for the benefit of present and future generations.

Another intriguing political challenge is the one of environmental *leadership*. Leadership is a major component of international policy making and negotiations. It provides the initiating stimulus and the pressure for reaching agreement in a context where inertia and conflicts of interests would otherwise be likely to prevail.

In few cases leadership was directly provided by an international organization backed by major powers. This was, for instance, the case of the two post-Chernobyl Conventions where the IAEA (International Atomic Energy Agency) assumed a leadership role backed by Germany, the former USSR and the US. But usually leadership is provided by one country or a group of countries. In cases such as international regulation of CFCs, radioactive waste disposal and marine pollution, the US leadership played a crucial role in promoting and reaching agreement; by providing funds and facilities to

<sup>6</sup> See, for example, Gleick (1992), Lowi (1992). On the broader issue of environmental conflict and security see, Homer-Dixon (1991), Westing (1986).

<sup>7</sup> This and several other recommendations have been developed within the framework of negotiation theory, particularly by L. Susskind (1993) and the Salzburg Initiative (1991).



international organizations and especially by taking or threatening unilateral action, the US prodded the reluctant countries to act. However during the Bush Administration the US could be hardly regarded as an 'environmental leader'. While this situation may be reversed under the Clinton-Gore Administration,<sup>8</sup> experience shows that international environmental leadership may be seriously hampered by domestic politics. It is thus not advisable to rely on one specific country as the only source of leadership.

Recently the European Community, particularly the EC Commission, started proposing itself as a leader in the climate change negotiations. The EC attempts to become an international environmental leader are analysed in the next paragraph.

## **2. The EC and the UNCED Negotiations, or the Difficulties of Be(com)ing a Leader**

The EC provides the unique example of a supranational setting since EC legislation supersedes national legislation and an EC institution (the Commission) has regulatory competences. This is accompanied by the existence of a European Court of Justice and a European Parliament, the last one being the only case of a non-national Parliament. On the other hand, the EC shows similarities with other regional or international organizations as far as the central role of inter-governmental negotiations is concerned. In other words, in the Community decisions result from bargaining and compromise between the representatives of the member countries (within the EC Council of Ministers). The inter-governmental nature of the EC decisions-making process sometimes clashes with the attempts by the EC institutions, especially the EC Commission, to present themselves as truly supranational entities and to claim leadership in environmental and other issues.

### **2.a. Claiming Leadership**

Leadership is becoming a leitmotiv of EC environmental and external relations policy; a leitmotiv that has been very visible in spoken statements and documents prepared in the perspective of UNCED.

<sup>8</sup> Clinton's intention to start again nuclear weapons tests (announced in May 1993) and his insistence on introducing an energy tax (included in the economic package approved by the Congress also at the end of May 1993) provide mixed signals regarding the weight of environmental issues in the overall policy of the current US Administration.

On several occasions – such as the White House Conference and the Bergen Conference, both held in 1990, addressing the climate change issue – the EC Commissioner for Environment, at that time Carlo Ripa di Meana, attacked the US Administration's wait-and-see position on climate change and strongly advocated the need for an EC leadership role. The idea of EC leadership was also taken up during the EC joint Energy/Environment Council meeting held in October the same year. The Council adopted the Decision to stabilize the EC total CO<sub>2</sub> emissions by the year 2000 at the level of 1990. Moreover, the leadership leitmotiv can be found in the EC preparatory documents for UNCED such as the Report of the EC Commission to the UNCED conference (EC Commission, 1992) and especially the EC Commission's Communication to the Council *A Common Platform: Guidelines for the Community for UNCED 1992* (EC Commission, 1991).

The Communication *A Common Platform* presents the EC strategy for UNCED and expresses the EC willingness (or claim) to take a leading role in international environmental negotiations. Some points made in that document deserve special attention since they provide the 'map' of the internal and external relations goals of the Community.

First of all, the EC willingness and ability to play a leading role is linked with the need to formulate an agreed position for the Community and its Member States. This is reasonable since a divided Community (as often the EC is on environmental and other matters) cannot be a credible leader. In this respect two main steps were taken in view of UNCED, especially regarding the climate change issue and the related convention. As a first step, an interservice group involving members of different Directorate Generals of the EC Commission was formed to favour internal coordination and the building of a common position within the Commission itself in the perspective of the negotiations between the Member States in the Council of Ministers. Moreover, a second effort related to this last aspect was made. Joint energy/environment Councils had been held to favour inter-governmental negotiations within the EC on the climate change issue by linking it with energy policy issues; this must be understood in the context of the EC 'no regret strategy' to deal with the greenhouse effect.<sup>9</sup> As it will be

<sup>9</sup> According to such a strategy, the measures that are beneficial both for the environment and for the economy should be favoured. Measures to improve energy efficiency and promote energy efficient technologies are the ones mainly focused on by the EC with respect to the greenhouse issue. Also the US advocates a no-regret strategy, but interpreting it in the more restrictive sense of not making any commitment – such as setting targets – that can be very costly (too costly according to their evaluation) to meet.

argued later on, the EC attempts to reach a common position in order to be a credible leader at and following UNCED were not very successful.

The leadership issue is linked with the sustainable development issue in two important ways. On the one hand, the EC's credibility as a leader in the context of UNCED and its follow-up is linked with its ability to put in practice the stated commitment to the idea of sustainable development. On the other hand, a leadership role of the EC could facilitate the diffusion at the international level of ideas and practices developed within the EC context to achieve sustainability in industrialized countries as a contribution to global sustainability.

## 2.b. Elements of the EC 'Sustainability Strategy' at UNCED

In the above mentioned Communication, *A Common Platform*, the EC approach to 'sustainable development' – mainly developed in the Fifth Environment Action Programme discussed below – is summarized and some of the above mentioned challenges are addressed.

First of all it is stated that sustainable development requires both national and international action, the EC having competences across both dimensions. It is then specified that an appropriate policy response at the national level should be characterized by the strengthening of institutional endogenous capacities and the integration of economic and environmental policies.

At the international level, the Communication states that additional financial resources should be found and that, while sharing the principle that conditionality in aid or in development financing should not be introduced, financial assistance to combat global environmental problems should be only provided if the recipient country has made a genuine commitment to fight global environmental deterioration. Moreover technology cooperation, alleviation of debt-servicing obligations and development of international environmental law (including the setting up of regimes on civil liability and compensation for environmental damage) are stressed.

Part of the proposals made in the Commission's Communication were accepted by the Council in its Conclusions of 12 December 1991. In these Conclusions the principle of common but differentiated responsibility is acknowledged, i.e. the special responsibility of industrialized countries not only to pursue sustainability themselves but also to assist other countries. In this respect, it is stated that the European Community and its Member States agree that new and additional financial resources are needed to assist developing countries to deal with global environmental problems. They urge other industrialized countries to do the same. The Conclusions also stresses

that consideration should be given to the possible use of resources previously allocated for military purposes.

Concerning technology cooperation it is suggested that the Community purchase patents and make them available as part of aid packages while taking full account of the need to protect intellectual property rights, and it is indicated that technology cooperation in the energy field seems particularly promising. As far as institution building is concerned, the Conclusions states that, as a rule, no proliferation of new institutions should take place, but that the new Conventions will require new institutional arrangements and that an arbitration commission should be established. Finally, it is suggested that certain guiding principles (including the precautionary principle, the Polluter Pays Principle, the prior environmental assessment principle, etc.) deserve special attention, and that attention should also be given to elements such as the natural resources user pay principle and equitable burden sharing.

It can be noted that, while a rather prudent wording is used, important principles are referred to and a relatively strong emphasis is put on important practical issues such as additionality (i.e. adding funds to the existing development aid programmes) and encouragement of technology cooperation.

The EC strategy for UNCED can thus be summarized as including the following elements: a. an external relations goal – be(come) an international environmental leader – partially influenced by the overall EC/US relations (cooperative and competitive at the same time); b. a combination of environmental and economic goals (environmental protection measures being regarded – in the preparatory documents for UNCED and in several others – as involving opportunities in terms of overall economic competitiveness); c. some proposals regarding general principles to be referred to and specific instruments to be adopted to achieve the stated environmental goals (such as the mentioned proposals regarding technology cooperation, and the proposal, even if controversial, of a CO<sub>2</sub>/energy tax to achieve the mentioned stabilization target).

In order to see whether and how such a strategy was implemented and what its results were – at least in the context of a specific issue – it is worth examining the case of the negotiations on the climate change convention.

## 2.c. The EC Leadership and Sustainability Strategy in Practice: The Case of the Climate Change Negotiation

The negotiations on the climate change issue can be viewed as a test for the EC leadership's aim, for the EC internal cohesion and for the ability of the EC to constructively link environmental, economic and external relations issues. The examination of some especially significant events can help understand which problems had to be faced, and why, during the negotiation.<sup>10</sup>

The two main elements of the EC no-regret strategy to deal with the risk of global warming are the stabilization target, measures aimed at increasing energy efficiency and the CO<sub>2</sub>/energy tax (tax aimed both at reducing CO<sub>2</sub> emissions and favouring energy efficiency).

As previously mentioned, the Decision to stabilize EC emissions of CO<sub>2</sub> by 2000 at the level of 1990 was adopted by the EC Council in October 1990. The idea of the tax started being publicly put forward by Commissioner Ripa di Meana in May 1989, i.e. before the decision on the stabilization target; but an official proposal by the Commission on such EC tax was debated – and not decided upon – by the EC Council only in May 1992, just before UNCED.

In the meantime, during two OECD meetings (one on 2-3 December 1991 and the other on 15 April 1992), the EC together with Austria and the Scandinavian countries, and with the consent of most of the other OECD members, argued that a future convention on climate change should include the CO<sub>2</sub> stabilization target and tried to win the agreement of the reluctant US on this point. The arguments made by EC officials and by representatives of EC and non-EC countries mainly referred to the fact that the main emitters of greenhouse gases and the OECD countries in general should commit themselves to stabilize and reduce CO<sub>2</sub> emissions in order to set an example for developing countries. However the US Administration did not change its position.

On May 9, 1992 – at the last meeting of the Intergovernmental Negotiating Committee (INC) for a framework Convention on Climate Change – a draft treaty including guidelines for cutting CO<sub>2</sub> emissions, but setting no specific targets, was approved. According to an EC official this was a very low compromise to allow Bush to attend Rio; in the view of J. Ripert, chairman of INC, the lack of specific commitments in the text was instead an example of “constructive ambiguity” (IER, 20 May 1992).

<sup>10</sup> This short reconstruction is based on information found in EC official and internal documents, Agence Europe (AE), Environmental Policy and Law (EPL), and International Environmental Reporter (IER).

At the end of May 1992 – when the proposal for a CO<sub>2</sub>/energy tax was discussed by the Council – a significant change was made. Differently from previous drafts produced by the Commission, the new proposal included a ‘conditionality’ clause stating that the adoption of the CO<sub>2</sub>/energy tax within the EC depends on similar taxes or measures having similar financial effects being applied in other OECD countries. The introduction of that clause involves two aspects: on the one hand it reflects the concern that an unilateral tax would damage the EC overall economic competitiveness, i.e. a core EC policy goal; on the other hand it prevents the EC from taking an ‘exemplary’ action that could be used to enhance the EC’s international image by proving its commitment to the solution of global environmental problems.

A few days before the starting of the Rio Summit, Commissioner Ripa di Meana announced that he would not attend the UNCED Conference since it was likely to be a purely rhetorical exercise. That decision caused deep embarrassment in the EC Commission and attracted sharp criticisms from the heads of state of some Community’s member countries. Outside the Community, the decision was obviously interpreted as a sign of the ongoing disagreements and divisions within the EC. In other words, the image of internal cohesion regarded by the EC as a precondition for its credibility as an international leader had been spoiled just before ‘the big event’.

During the negotiation in Rio, the EC Commission and Presidency initially advocated the inclusion in the Climate Change Convention of the CO<sub>2</sub> stabilization target already agreed within the Community. A group of EC countries (Germany, Denmark, the Netherlands and Italy) together with Austria and the Scandinavian countries strongly emphasized the need for such a target and for a special commitment by industrialized countries in order to set the example. Finally the draft text agreed in early May during the INC meeting, which did not include the stabilization target, was approved at UNCED and submitted for signatures.

Two points can be made with respect to these events. First of all, apart from problems concerning the credibility of the EC institutions due to the refusal of the Commissioner for Environment to attend UNCED, the position of the EC as a whole and the positions of its member countries did not completely overlap as shown by the fact that only a group of them insisted on the inclusion of the stabilization target in the framework convention. This indicates that in spite of long negotiations within the EC, deep differences remained regarding the centrality of the stabilization target in a global perspective and with respect to the trade-off between a weak convention including no specific targets and deadlines but signed by the US

and a stronger convention without the participation of the US, that is the larger power and emitter of greenhouse gases.

The second point concerns the fact that the outcome of these different evaluations within the EC, i.e. the agreement on a weak convention, can be regarded as a sign of flexibility since the Community modified its position on the target issue in order to win the US agreement on the framework convention. But in the light of the available evidence it seems that the EC position had been the result of weakness and internal divisions rather than flexibility. In fact on the one hand, the EC did not succeed in modifying the US opposition to the other convention approved in Rio – the one on biodiversity – and to another important component of the EC strategy concerning climate change and other global environmental issue, that is the commitment by industrialized countries to increase their development aid to assist lower-income countries to achieve sustainable development. As far as these two issues are concerned it must be noted that the negotiating power of the EC as a whole vis-à-vis the US was weakened by different views within the EC; the UK government partly shared the US skepticism towards the biodiversity convention, and both the UK and the FRG did not share the emphasis put by other EC countries (especially Denmark, France, Italy and the Netherlands) on the need to increase development aid. What is more, the conditionality clause added just before UNCED in the EC proposal on the CO<sub>2</sub>/energy tax indicates the EC unwillingness to take unilateral action and face a competitive disadvantage with respect to the US and Japan.

On the basis of the example of the climate change negotiation it can thus be concluded that while being prepared to commit itself to relatively high goals in written documents, to advocate them in international fora and to join and build coalitions with non-EC countries, the EC is a 'still-in-progress' international environmental leader as far as its ability to win the consensus of other key players on those goals and to set examples is concerned.

### **3. The EC Beyond UNCED, or the Difficulties of Achieving Sustainability**

Although the EC is not yet a successful international environmental leader, is it successful in becoming a 'sustainable' Community? The EC's ideas and practices regarding sustainable development and the ways of achieving it are to be found mainly in the actual process of completion of the Internal Market, in the Fifth Environmental Action Programme *Towards Sustainability* and the related policy measures, and in the commitments taken during

UNCED and going to be implemented or neglected thereafter. In analysing these three elements an attempt will be made to see how the EC is trying to address the above mentioned UNCED challenges.

### 3.a. Is the Completion of the Internal Market Sustainable?

The Task Force Report on the Environment and the Internal Market issued in 1989 states that, "the economic growth projections for the Community following the completion of the internal market have not hitherto satisfactorily addressed the issue of long-term sustainability of this growth" (Task Force, 1989: 1.2). According to the Report no serious attention has been paid to the fact that the removal of physical, technical and tax barriers will certainly improve intra-Community trade but can have undesirable side effects on the environment. In other words a 'more trade, more economic growth' quantitative approach seems to prevail, leaving qualitative aspects aside or maybe assuming that more growth automatically involves more environmental protection. More specifically, the report indicates that in case no additional policy measures are adopted, the removal of the mentioned barriers is likely to involve serious environmental problems such as large scale 'waste tourism', growth in the transport sector (for instance, transfrontier lorry traffic) with negative environmental impacts, growth in tourism that may increase development pressure in coastal and mountain areas, and other undesirable phenomena.

On the basis of this assessment, the Task Force urged the Community and its member states to consider the nature of the policy response required to safeguard the environment and to ensure the sustainability of economic growth, and it recommended the following priority actions: a. develop and implement at the EC level of economic instruments and liability rules; b. take into account the environmental implications of measures designed to complete the Internal Market (for instance, avoid measures that increase emissions from use of vehicles and other sources); c. monitor the use of the Structural Funds (funds aimed at aiding the less-advantaged regions in the Community by financing development projects) and encourage investments in pollution abatement and clean technologies; d. improve the EC ability to monitor environmental quality; e. adopt responses at the Community level to international environmental issues (Task Force, 1989: XV). It can be noted that the Task Force's main concerns is to address the relation between trade and environment, particularly to forecast the possible environmental impacts of increased liberalization of trade within the EC and to find ways of preventing or minimizing these impacts.



The views expressed in the Task Force Report are partly echoed in the inclusion of sustainable development as one of the Community's objectives in the Maastricht Treaty agreed upon by the Heads of State or Government of the EC Member Countries in December 1991.<sup>11</sup> Even if the reference to sustainable development is left unspecified, its inclusion in the Treaty may provide a legal basis for ensuring that the principles of sustainable development are more carefully taken into consideration in the EC policy making. On the other hand, it must be noted that the goal of promoting economic and social progress which is balanced and sustainable is linked, also in article B, with the creation of an area without internal frontiers, the strengthening of economic cohesion and the establishment of economic and monetary union. No specific criteria can be found in the Treaty to evaluate whether and how the Internal Market and the European – still very controversial – monetary union can be really 'sustainable'.

The consideration and implementation of the Task Force's recommendations to achieve sustainability must then rely on more specific tools than a Treaty's article. Among the steps taken to put those recommendations into practice, a potentially 'revolutionary' one (beside specific measures such as the mentioned CO<sub>2</sub>/energy tax that would represent the first EC – and 'green' – tax) is the formulation and adoption of the Fifth Environmental Action Programme, *Towards Sustainability*.

### 3.b. "Towards Sustainability"

The Fifth Environmental Action Programme<sup>12</sup> approved in 1992 is entitled *Towards Sustainability. A European Community Programme of Policy and Action in Relation to the Environment and Sustainable Development* (EC Commission, 1992).

The approach adopted in drawing up this programme is rather innovative, especially concerning the focus on agents and activities that deplete natural resources and damage the environment (rather than wait for problems to emerge), and the intention to initiate changes in current trends and practices

<sup>11</sup> The Maastricht Treaty on the European Union (Treaty which ratification by the national Parliaments has been a matter of heated debate and controversy) amends the Treaty of Rome of 1957 that established the European Economic Community.

<sup>12</sup> The First Environmental Action Programme of the EC was adopted in 1973 and was partially a result of the Stockholm Conference. On the EC environmental policy see, Haigh (1992), Kraemer (1992), Liberatore (1991), Rehbinder and Stewart (1985).

that are detrimental to the environment through the involvement of all sectors of society in a spirit of shared responsibility.

The programme identifies some target sectors (industry, energy, transport, agriculture and tourism) which are the ones indicated in the mentioned Task Force Report as possible main sources of problems during and following the completion of the internal market. Moreover, both global and regional environmental issues (including climate change, acidification, biodiversity, urban environment, coastal zones management, etc.) are addressed, and the broadening of the range of instruments (including environmental data collection, scientific research, sectoral and spatial planning, information, education and training, beside economic and regulatory instruments) is suggested.

The programme seems a good basis for making the EC development sustainable, if it is taken seriously.

Some steps in that direction are being made by the EC Commission through the production of Communications to the Council on Sustainable Mobility, on Energy and the Environment, on Industrial Competitiveness and the Environment. These Communications include both assessments of the present state of affairs on the mentioned matters and proposals to foster sustainability within the context of specific economic and policy sectors. Communications to the Council represent a first step for putting the issue, and the proposed measures to deal with it, in the EC policy agenda and they may be thus influential in favouring the adoption of actions in the fields at hand. The above mentioned Communications suggest some general guidelines rather than concrete objectives and measures to implement sustainability. This is, for instance, the case of the *Green Paper on the Impact of Transport on the Environment. A Community Strategy for Sustainable Mobility* (COM (92), 46 final) that focuses on the assessment and forecast of possible impacts and provides no specific proposals concerning targets and policy instruments that should be adopted to achieve a sustainable mobility within the Community.<sup>13</sup> In spite of this vagueness, such Communication succeeded in pushing the issue on the EC Ministers' agenda as shown by the attention devoted to the possible contribution of the transport sector in reducing CO<sub>2</sub> emissions and by the idea of having a joint Environment/Transport Council suggested during an informal session of Environment Ministers held in May 1993.

<sup>13</sup> On this point see the report of the workshop on *Sustainable Mobility in the Internal Market* organized by the Working Group of Environmental Studies of the EPU, Arp et al. (1992).

Another potentially important step towards the implementation of sustainability programmes, and a way of dealing with the institutional challenges mentioned earlier, is the decision made in 1989 to establish a European Environmental Agency (EEA) aimed at gathering and coordinating information on the state of the environment in the Community and at the broader European ('Pan-European') level.<sup>14</sup> Controversies within the Community over the location of the EEA and other EC institutions (particularly the European Bank) are causing delays in its actual establishment, therefore since 1990 only a Task Force (EEA-TF) is at work. In spite of this atmosphere of organizational uncertainty, the EEA-TF started preparing a Pan-European state of the environment report with the collaboration of scientific institutions and governmental agencies in various countries as decided during the first Pan-European Conference of Environment Ministers that was held in Dobruša, former Czecho-Slovak Republic, in June 1991. The report is aimed at providing information and scientific evidence for future action, including the Environmental Action Programme for Central and Eastern Europe presented in the second Pan-European Ministerial Conference, held in Luzern, Switzerland, in April 1993. Recently the EEA-TF also decided to involve environmental NGOs in the preparation of such a report by asking them to indicate what do they regard as priorities and to act as independent and critical sources of information (EEA-TF, 1992).

Both the 'Pan-European' dimension of the report on the state of the environment prepared by the EEA-TF and the Task Force attempt to collaborate with NGOs are very interesting: the first one because it deals with the need to acknowledge the special interest and responsibility of the EC to collaborate with other European countries (especially the Central and Eastern European economies in transition) to protect the European environment; the second because it makes an attempt – even if still 'marginal' – to fill the wide gap between the supranational EC institutions and the European citizens.

Moreover, the formulation of an environmental action programme for Central and Eastern Europe, and the call for Pan-European collaboration aimed at enabling its implementation, indicate an important potential for institutional and political innovations aimed at promoting sustainability on a continental scale. The development of such a potential seems however endangered by the lack of financial measures aimed at supporting the

<sup>14</sup> It is important to stress that the EEA is completely different from the US Environmental Protection Agency (EPA) both in terms of resources and, what is more, in terms of functions since the EEA has not the regulatory competences that are the 'core' of EPA. Those regulatory competence in the EC context are with the Directorate-General on Environment of the EC Commission.

programme. While Central and Eastern European countries hoped for an 'environmental Marshall Plan', as envisaged also by the Austrian proposal of giving the programme Western funding of 24 million US dollars, Western countries (including Canada and the US beside European states) only committed themselves to increasing investments and promoting measures based on concrete projects.

Different evaluations emerged within the Community regarding such outcome of the Luzern Conference. While Danish Minister Svend Auken (President-in-Office of the EC Council at the time of the Conference) said to be alarmed by the extent to which Western countries underestimate the dangers ahead, German Minister Klaus Topfer (who chaired the final stage of the preparatory work for the programme) said that no finance minister could have accepted massive expenditure in the form of an 'environmental Marshall Plan' and he welcomed the practical realism of the Conference (see AE, 6.5.1993). The need to find a balance between these two different views and their practical implications represents a major issue regarding the future EC contribution to continental and global sustainability.

Summing up, the Fifth Environmental Action Programme, the above mentioned Communications addressing sustainability in specific sectors, the formulation of new policy instruments, the establishment of the EEA-TF, represent interesting tools to face the policy challenges ahead at the EC, regional, level. Moreover, the formulation of an environmental action plan for Central and Eastern Europe (with the mentioned problematic aspects) and the preparation of a Pan-European state-of-the-environment report can be viewed as important attempts to look at the achievement of a 'sustainable Community' within the broader European context.

This does not necessarily mean that perspectives are rosy, but it indicates that it is possible to identify some Community efforts – beside many problems – to achieve sustainability and meet the UNCED challenges.

#### **4. Perspectives**

One year after UNCED two kinds of considerations about future perspectives can be made; one regarding the way the EC is trying to put in practice the commitments announced in Rio, and the other concerning the potential advantages and problems of the EC supranational and regional setting to foster sustainable development.

#### 4.a. The EC and the Commitments Announced in Rio

Besides aiming in general at achieving a sustainable Community, the EC made some specific commitments related to the financial, institutional and political challenges to be faced to implement the actions envisaged at the Rio Summit.

Shortly after the Summit, at the Council meeting held in Lisbon on 27 June 1992, an eight-point plan to implement the results of UNCED was agreed upon (see, IER, July 15, 1992).

This plan includes: 1. ratification by the EC member countries of the climate change convention and publication of national plans to combat global warming; 2. publication of national plans on biodiversity and creation of the basis for ratification of the convention; 3. publication of national plans for forest protection; 4. publication of national plans for implementing Agenda 21; 5. provision of financial support to developing countries implementing Agenda 21 through international development assistance and replenishment of the GEF; 6. restructuring GEF so that it can become the permanent financial mechanism for the climate change and biodiversity conventions; 7. support for the establishment of the Commission on Sustainable Development (CSD);<sup>15</sup> 8. support for establishing an international review process for the forest and desertification principles. It can be noted that the wording of the plan is quite vague and that no deadlines are set to implement the points of competence of the EC and its member states (points 1-5).

Some of these points are referred to in the Resolution of the Council approved on February 1, 1993 (AE, 3.2.93) concerning the EC programme on environment and sustainable development. In the Resolution it is stated that the two Conventions signed at UNCED should be ratified by the EC Member Countries by the end of 1993, that new and additional resources should be found to support developing countries with regard to the implementation of Agenda 21, that the EC commitment made in Rio of 3 billion ECU as initial contribution to the implementation of Agenda 21 should be put into concrete form. While being a bit more specific than the mentioned eight-point plan, also this Resolution does not provide precise indications concerning the way the Community will honour its financial commitments; for example, it is not specified how and when the 3 billion ECU contribution will be put into concrete form. Some references to the implementation of Agenda 21 can be found in the EC budget approved in

<sup>15</sup> Regarding the CSD it must be noted that the rules governing the participation of the EC and other regional integration organizations were hotly-debated and not resolved at the meeting held in February 1993 to establish the Commission itself (see, Concordare, n. 4, 1993).

February 1993 (OJ L 31, 8.2.93). For instance, in the chapter on the Cooperation with Asian and Latin American Countries it is stated that at least 10% of the funds (19.500.000 ECU for 1993, against 18.700.000 in 1992) are to be used for environmental policies resulting from Agenda 21; in the chapter on Other Cooperation Measures, one section is dedicated to the funding of pilot projects for the protection and management of the tropical forest pursuant UNCED, and in another section of the same chapter it is stated that – consistently with the results of the Rio Summit and the UN declaration of 1993 as the years of the world's indigenous peoples – the appropriation for 1993 (115.060.000 ECU, against 95.000.000 in 1992) may finance through indigenous population operations that will benefit indigenous peoples communities. Looking at the budget it emerges that the additional funding that may be used for the implementation of Agenda 21 is marginal, discretionary and 'biased' towards certain problems (like tropical forests' management protection).

On the other hand it must be taken into account that several financial instruments where no direct reference to the implementation of Agenda 21 is made can be used to favour such implementation. Among these instruments one can mention LIFE (the EC financial instrument for the environment), the funding mechanisms attached to the Lomé Convention with African, Caribbean and Pacific Countries (where, for example, emphasis is put on measures aimed at combatting desertification), the plans for environment protection in the Mediterranean Region and the North Sea (MEDSPA and NORSPA). Furthermore other funding attached to cooperation agreements with developing countries and Central and Eastern European countries, and the Structural Funds used to balance regional disparities within the Community could be used to foster sustainability; however in several cases they are used to foster development without much consideration of its environmental impacts. Thus the problem is not only the availability of funds but the willingness and ability to re-direct and control their use. A very open challenge, especially in the current period of economic recession within the EC and at the broader level.

#### 4.b. A 'Regional Way' Towards Sustainability?

Between the global level of international environmental negotiations such as UNCED and the national level where actual implementation of policies takes place, there is room for a regional dimension. In the regional dimension issue-linkage and the adoption of actions aimed at fostering sustainable development can be more 'manageable' than at the global level; at the same time such dimension provides a broader scope for issue-linkages and actions

than the political boundaries of nation states. The link between global warming-energy efficiency-harmonization of taxation at the EC level being a case in point (even if not – or not yet – successful). In this respect, regional clusters – the EC setting more than others due to its supranational character – can be viewed as addressing the political challenge of respecting national sovereignty while partially overcoming it.

The EC future role will be determined by, and has to be analysed within, two general trends: the completion of the EC internal market and the globalization of environmental issues.

#### *4.b.1. Economic Integration, Subsidiarity and Sustainability*

As argued in the Task Force Report on the environment and the internal market, increased trade certainly involves economic growth but such growth can be unsustainable. And while the EC political union is very controversial and unlikely to succeed in the near future, the process of trade liberalization is proceeding. The problem is then what role the EC can have in ensuring the sustainability of the ongoing economic integration, a problem which is explicitly focused on in the Fifth Environmental Action Programme discussed earlier.

Concerning the implementation of that programme, and other programmes as well, an increasingly debated issue is the one of the ‘appropriate level of action’. The principle which is intended to determine such appropriateness is the subsidiarity principle. According to Art. 3b of the Maastricht Treaty, “In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and therefore, by reason of the scale or effects of the proposed action, can be better achieved by the Community”. The interpretation of this principle is far from univocal,<sup>16</sup> however policy actions aimed at guaranteeing the sustainability of the internal market and at protecting the global environment can be generally regarded as pertaining – due their scale and effects – to the EC competence. This without denying the importance of local, decentralized actions.

<sup>16</sup> Useful discussions of the subsidiarity principle can be found in Dehousse (1992), Wilke and Wallace (1990). Dehousse notes that subsidiarity can be used as a double-edged sword: negatively to protect member States’ prerogatives against undue Community interference; or positively to allow the EC to act when supranational, regional action appears necessary (Dehousse, 1992: p. 6).

It is important to note that in the above mentioned Council Resolution of February 1, 1993 the subsidiarity principle is frequently mentioned and emphasized. For example, it is stated that the Council "...call on the Commission to ensure that all proposals it makes relating to the environment fully reflect that principle, and undertake to consider those proposals on a case-by-case basis to ensure consistency with the principle" (AE, 3.2.1993, p. 3).

Although it is difficult to evaluate what the implications of the emphasis on the double-edged sword of subsidiarity will be with regard to the EC actions aimed at achieving sustainable development, two points can be made.

First of all, the process of completion of the internal market requires that action is taken at the EC level to guarantee the sustainability of this process. In this respect, the interpretation of the principle of subsidiarity offered – among others – by the British Environment Secretary M. Howard and aimed at "repatriating" a number of environmental competences to the member states contrasts with the reality of the increasingly integrated and interdependent EC economy, with the related transboundary environmental impacts. On this ground Mr. Howard's position was criticized by environmental organizations and by business as well. The former accused the British government to try to use the concept of subsidiarity to remove the risk of further legal action by the EC Commission over the UK's failure to meet EC standards for drinking water, bathing beaches and other issues; the latter, particularly the Confederation of British Industry, stressed the need for a level playing field for environmental rules throughout Europe (IER, 15.7.1992).

Related to this point is the fact that an increasingly integrated economy needs integrated and sustainable sectoral policies. Also in this respect the EC level is the most appropriate in providing guidelines (such as the action programmes), beside specific measures, to foster sustainability within and across the various economic sectors. This seems to be acknowledged and reflected in the attention being paid by the EC environment ministers to issues like the ecological repercussions of transport (see, AE, 14.5.1993 and 18.5.1993), the relationship between environment and employment (AE, 14.5.1993), the relations between industrial competitiveness and environment protection (AE, 5.5.93), the proposal for a CO<sub>2</sub>/energy tax (opposed only by UK, even if also other member countries – France, Greece, Ireland, Portugal and Spain – set conditions to its approval; see AE, 23.4.93 and 27.4.93). In an integrated economy and market as the EC one these issues must be dealt with at the Community level, even if the implementation of specific measures cannot but remain competence of the member states.



#### 4.b.2. *The EC and the Globalization of Environmental Issues*

Problems regarding the EC role in international environmental negotiations and its ability to guarantee the outcomes of these negotiations have been mentioned already with respect to the case of the negotiation on climate change and regarding the EC initial steps aimed at putting in practice the commitments announced in Rio.

These problems can be summarized as follows: a. potential for conflict of interests and confusion of responsibilities to emerge during international negotiations in spite of long internal bargainings – between the member states and between the EC institutions and the member states – previous to the negotiations; b. potential for ambiguities regarding the division of responsibilities between, and the accountability of, EC institutions and the member states regarding the implementation of stated commitments.

These problems must be addressed in order to make the EC participation in international environmental negotiations a constructive contribution rather than a source of confusion.<sup>17</sup> In this regard the reference to the subsidiarity principle can either improve or worsen the situation. It can worsen the current state of affairs if subsidiarity is invoked at all stages of negotiation with the idea that each topic and commitment should be evaluated on a case-by-case basis when it emerges; this would mean that the EC institutions would have no flexibility during international negotiations since any modification of position and proposals defined prior to the negotiations could 'endanger' the respect of the subsidiarity principle. On the other hand, in case the subsidiarity principle is used to define a clear mandate regarding the areas where the EC institutions are allowed to negotiate (with the needed flexibility) and the areas where they are not, this could help avoiding confusion during events like the Rio Conference. It seems however difficult to foresee the clear application of an unclear (in the sense of differently interpreted) principle; thus the ongoing problems regarding the EC role and competence in international environmental negotiations are likely to last.

Another important point regards the development of an EC 'sustainable cooperation' with third countries, that is a cooperation aimed at achieving sustainability even when it is not specifically focused on environmental protection.

In this respect, a potentially crucial contribution of the EC following UNCED is the EC cooperation with Central and Eastern European coun-

<sup>17</sup> On this problem see, for instance, Haigh (1992), Von Moltke and Gotelli (1992).

tries. The situations in and role of those countries was relatively neglected in Rio and the EC can play an important role in integrating the 'North-South' debate that understandably prevailed at UNCED with the attention to the completely new forms of 'East-West' cooperation on sustainable development issues.

The mentioned problems regarding the lack of financial mechanisms aimed at implementing the Environmental Action Programme for Central and East Europe indicates that the Community is facing the contrast between the realization of the need to help its neighbours to protect the common environment and the constraints to such help represented by the ability and willingness of Western authorities to reconcile this need with domestic economic priorities. It is however worth stressing that, while the funding for the mentioned programme is an important issue, the main challenge to be faced is the (lack of) attention to sustainability issues in the current East-West cooperation. If one takes into account that in 1992 the EC and its member countries provided 61% of the total aid to Central and Eastern European countries, 71% of technical aid for economic restructuring, 69% of exports credits, 67% of emergency aid and 51% of macro-economic aid (AE, 6.5.1993), and the percentages are likely to remain similar in the following years, it becomes obvious that a main contribution or threat to sustainability is represented by the way environmental considerations and a long-term perspective will be integrated in these items.

An institution that can play a crucial role in this respect is the European Bank for Reconstruction and Development (EBRD). The EBRD is the first multilateral financial institution to have an environmental mandate built in its funding charter; however instruments to evaluate and monitor the 'sustainability' of EBRD's fundings are still to be developed. For instance, a report by the Hungarian Clean Air Action Group maintains that funding by the EBRD, and the European Investment Bank and the World Bank as well, are used to subsidize roads construction at the expenses of rail and other public transport systems (Kiss, 1992). In other words, the ability and willingness to perform short-term investments while taking into account their long-term sustainability are not yet diffused.

Beside the collaboration with Central and Eastern European countries, the EC signed important cooperation agreements with developing countries. As discussed earlier, also in this case the attention to whether these cooperation agreements foster sustainability is an important but still open challenge of EC cooperation policy.

By way of 'opening conclusion' it can thus be said that the EC has the potential for contributing to global sustainability in two main respects: by moving towards its own sustainability in the process of completion of the internal market, and by representing a regional cluster that can act as a

catalyst for broader European and international collaboration in the environmental field. Steps are being made in these two directions; but the road towards sustainability is paved with many difficulties.

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