

Environmental Accounts in the EU - history and background

**Activity A.12: Methodology on environmental accounting
with emphasis on air and waste accounts
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Background of environmental accounting in the EU

- Environmental accounts have been developed in connection with the framework of the [System of National Accounts \(SNA\)](#), an international set of standards, concepts and definitions about the statistics measuring the economy. On the international level, the effort has focused on the development of the [System of environmental and economic accounts \(SEEA\)](#) as a satellite system to the SNA.
- Much effort has been put into harmonising environmental accounts across Europe, including links to other areas of statistics as well as harmonised concepts and compilation guidelines to improve comparability and timeliness.

Background of environmental accounting in the EU

- More recently, the [Beyond GDP](#) initiative, aiming at the development of indicators as appealing as GDP but more inclusive of environmental and social aspects of human well-being and progress, has given a strong push for the development of environmental accounts as advocated in the EU [Communication on GDP and Beyond](#) published in 2009.
- [Regulation \(EU\) 691/2011](#) on European environmental economic accounts is the legal response to such calls for development. It provides a legal framework for harmonised data collection as well as for future expansion with different modules when they become methodologically mature.
- A revised version of the "[System of Environmental-Economic Accounts \(SEEA\)](#)" was adopted by the UN Statistical Commission in February 2012 as an international standard for use throughout the world.

Political context of EA in the EU

- Increasing awareness of environmental problems and the challenge of sustainable development in Europe.
- Public opinion is more attentive and more informed, pushing this issue higher on the political agenda.
- Sustainable development:
 - Meeting the needs of the present generation without compromising the needs of future generations.
 - Safeguarding the earth's capacity to support life in all its diversity, while ensuring economic well-being and growth.

Political context of EA in the EU

- The [Treaty on European Union](#) refers in its Article 3 to
 - "sustainable development of Europe based on balanced economic growth" and
 - "a high level of protection and improvement of the quality of the environment".
- Environmental issues are integrated with other policy areas, a clear recognition of their important place on the political agenda.
- In assessing environmental sustainability of current economic patterns of production and consumption in the longer term, information on both environmental and economic indicators is needed.
- The [Sixth Community Environment Action Programme](#) (2002-2012): sound information on the state of the environment, and on the key trends, pressures and drivers for environmental change, is essential for the development of effective policy and its implementation.

Political context of EA in the EU

- More recently certain environmental issues and indicators figure prominently in the present EU 2020 strategy
 - Reduction of the greenhouse gas emissions by 20% compared to 1990
 - Increase in the share of renewable energy sources in final energy consumption to 20%
 - 20% increase in energy efficiency.
- Resource efficiency is the subject of several Communications by the Commission, starting with "A resource efficient Europe – Flagship initiative under the Europe 2020 Strategy" COM(2011)21.
- Sustainable development was again the subject of the Rio+20 Earth summit in June 2012.

EA as a coherent statistical framework for investigating the interplay between the economy and the environment

- Implications for sustainability of our current patterns of production and consumption.
- Economic consequences of setting certain environmental standards.
- Economic activities most responsible for a certain environmental issue (e.g. which industry is most CO₂ intensive).
- Impacts of introducing new "green" taxes? Who bears the tax burden – producers (industries) or consumers (households)?
- “Embedded” pressures on the environment in third countries caused by our patterns of trade: how do we pollute indirectly by importing pollution-intensive goods from abroad even if we do not produce them at home?

EA as a coherent statistical framework for investigating the interplay between the economy and the environment

- Where is it most cost-effective to invest in pollution prevention?
- How much materials (earth, biomass, metals, minerals, water, etc.) are we using to maintain economic processes? Which economic activities are responsible?
- What is society's response to environmental concerns? Is there high demand for environmental goods and services?
- How many people are employed in the "environment industry" producing environmental goods and services (e.g. wind turbines, solar panels, etc.)?

Uses of the EA data

- Environmental accounts complement environmental statistics and economic statistics by ensuring that the environmental variables are presented in a manner which is consistent with the concepts and definitions of the national accounts, e.g. by using the same economic activity breakdown than [Statistical classification of economic activities NACE](#).
- The data can be used for
 - integrated environmental-economic modelling,
 - analysis of impacts of economic trends and environmental issues,
 - assessment of environmentally-related economic instruments (e.g. taxes), etc.