



---

# Sectoral Costs of Environmental Policy

## Project

## Duration

Feb - Nov 2007

Environmental protection and competitiveness are generally seen as antagonisms. In this debate, one key question is which compliance costs environmental regulation actually imposes on businesses, and what the driving factors for compliance costs are? This project will empirically assess compliance costs of environmental regulations for 4 sectors in 8 EU Member States by means of a survey of industrial installations. The aim is to assess both costs and benefits, in order to shed more light on the competitiveness effects of environmental regulation.

In recent years, the alleged tension between the “Lisbon Agenda” on the one side and the “Gothenburg Agenda” on the other side was often discussed. While the former aims at increasing competitiveness, economic growth and job creation in the European economy, the latter focuses on sustainable development as the central organising principle for European policies. Although the two approaches do not necessarily exclude each other, there have also been strong and repeated claims that environmental regulations place an excessive burden on the European economy, thereby limiting the competitiveness of European-based firms vis-à-vis their competitors outside Europe.

Currently, most of the environmental regulations are decided at European level. The implementation, however, is in the hands of the member states. Consequently, differences in the level of effort and ambition persist among Member States. Even larger are the discrepancies if non-European countries are included in the assessment. At the same time, well-designed environmental regulations can also have positive effects on competitiveness, by increasing the efficiency of resource and energy use, and by inducing product- or process-based innovations.

Previous studies on this issue have mostly focused on the compliance costs induced by individual pieces of regulation. In contrast to this approach, the current project aims to assess the costs of environmental regulation in its entirety, but then broken down on the sectoral level. In this way, the objective is to explore the synergy effects, overlaps and possible contradictions between different pieces of environmental regulation. For example, many regulations targeted at air quality also contribute to climate protection (and vice versa), meaning that the total cost of compliance is less than the sum of both individual policies.

The purpose of this study is to assess actual costs and benefits due to environmental regulation for four sectors in eight EU Member States on the basis of an online-survey of firms operating in the sectors. Additional information will be brought in from statistical sources in order to complement the picture.

The main issues of the survey are the appraisal of:

- expenses for environmental protection as well as their link to specific regulations

- differences in magnitude of burden divided by sector and country
- reasons behind these discrepancies (main cost drivers)
- technological development and innovation due to environmental regulation
- positive outcomes due to increased efficiency
- effects of synergy following overlapping laws and regulations

The study is meant to give decision makers on european level a possibility to analyse the consequences of past policy decisions, as well as providing a better empirical basis for the discussions on environmental regulation and competitiveness.

## **Funding**

European Commission, [Directorate-General Environment](#) (DG Environment),  
International

## **Partner**

[VITO](#), Belgium  
[Ecologic Institute](#), Germany  
University of Westminster, [Policy Studies Institute](#) (PSI), United Kingdom  
[Institute for Applied Environmental Economics](#) (TME), Netherlands

## **Team**

Benjamin Görlach  
[Timo Kaphengst](#)  
Max Grünig  
Dr. Ingo Bräuer  
Melf-Hinrich Ehlers

## **Duration**

Feb - Nov 2007

## **Project ID**

[994](#)

## **Keywords**

[Economics](#)  
[EU](#)  
European environmental policy, costs, compliance costs, cost-benefit analysis,  
competitiveness, Lisbon, environmental economics, evaluation  
Europe

---

**Source URL:** <https://www.ecologic.eu/2061>