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.

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