***Changes to legislation:*** *There are outstanding changes not yet made to Regulation (EU) No 538/2014 of the European Parliament and of the Council. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

# Regulation (EU) No 538/2014 of the European Parliament and of the Council of 16 April 2014 amending Regulation (EU) No 691/2011 on European environmental economic accounts (Text with EEA relevance)

## REGULATION (EU) No 538/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 16 April 2014

amending Regulation (EU) No 691/2011 on European environmental economic accounts

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 338(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure[(1)],

Whereas:

(1) Decision No 1386/2013/EU of the European Parliament and of the Council[(2)] provides that the pace of current developments and uncertainties surrounding likely future trends require further steps to ensure that policy in the Union continues to draw on a sound understanding of the state of the environment, of possible response options and their consequences. Instruments should be developed with a view to ensuring the preparation of quality-assured data and indicators and to improving its accessibility. It is important that such data be made available in a comprehensible and accessible form.

(2) Under Article 10 of Regulation (EU) No 691/2011 of the European Parliament and of the Council[(3)] the Commission is invited to report to the European Parliament and the Council on the implementation of the Regulation and, if appropriate, to propose the introduction of new environmental economic accounts modules, such as Environmental Protection Expenditure and Revenues (EPER)/Environmental Protection Expenditure Accounts (EPEA), Environmental Goods and Services Sector (EGSS) and Energy Accounts.

(3) The new modules contribute directly to the Union's policy priorities of green growth and resource efficiency by providing important information on indicators such as market output and employment in the EGSS, national environmental protection expenditure and the use of energy in a NACE breakdown.

(4) The United Nations Statistical Commission adopted the System of Environmental-Economic Accounting (SEEA) Central Framework as an international statistical

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standard at its 43rd session in February 2012. The new modules being introduced by this Regulation are fully in line with the SEEA.

(5) The European Statistical System Committee has been consulted.

(6) In order to take into account technical and scientific progress and supplement the provisions on energy accounts, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the specification of the list of energy products referred to in Section 3 of Annex VI as contained in the Annex to this Regulation. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

(7) In order to facilitate a uniform application of Annex V as contained in the Annex to this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[(4)]. The examination procedure should be used for the adoption of those implementing acts.

(8) Regulation (EU) No 691/2011 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

*Article 1*

Regulation (EU) No 691/2011 is amended as follows:

(1) in Article 2, the following points are added:

(4) “environmental protection expenditure” means the economic resources devoted by resident units to environmental protection. Environmental protection includes all activities and actions which have as their main purpose the prevention, reduction and elimination of pollution and of any other degradation of the environment. Those activities and actions include all measures taken in order to restore the environment after it has been degraded. Activities which, while beneficial to the environment, primarily satisfy the technical needs or the internal requirements for hygiene or safety and security of an enterprise or other institution are excluded from this definition;

(5) “environmental goods and services sector” means the production activities of a national economy that generate environmental products (environmental goods and services). Environmental products are products that have been produced for the purpose of environmental protection, as referred to in point (4), and resource management. Resource management includes the preservation, maintenance and enhancement of the stock of natural resources and therefore the safeguarding of those resources against depletion;

(6) “physical energy flow accounts” means consistent compilations of the physical energy flows into national economies, the flows circulating within the economy and the outputs to other economies or to the environment.;

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(2) Article 3 is amended as follows:

(a) in paragraph 1, the following points are added:

(d) a module for environmental protection expenditure accounts, as set out in Annex IV;

(e) a module for environmental goods and services sector accounts, as set out in Annex V;

(f) a module for physical energy flow accounts, as set out in Annex VI.;

(b) the following paragraphs are added:

4. The Commission shall be empowered to adopt delegated acts in accordance with Article 9 in order to specify the energy products referred to in Section 3 of Annex VI, based on the lists set out in the Annexes to Regulation (EC) No 1099/2008 of the European Parliament and of the Council[(5)].

Such delegated acts shall not impose a significant additional burden on the Member States or on the respondents. When establishing and subsequently updating the lists referred to in the first subparagraph, the Commission shall duly justify the actions, using, where appropriate, input from relevant experts on a cost-effectiveness analysis, including an assessment of the burden on respondents and of the production costs.

5 In order to facilitate a uniform application of Annex V, the Commission shall, by 31 December 2015, by means of implementing acts, establish an indicative compendium of environmental goods and services and of the economic activities to be covered by Annex V based on the following categories: environmental specific services, environmental sole purpose products (connected products), adapted goods and environmental technologies. The Commission shall update the compendium where necessary.

The implementing acts referred to in the first subparagraph shall be adopted in accordance with the examination procedure referred to in Article 11(2);.

(3) Article 8(2) is replaced by the following:

2. For the purposes of obtaining a derogation under paragraph 1 for Annexes I, II and III, the Member State concerned shall present a duly justified request to the Commission by 12 November 2011. For the purposes of obtaining a derogation under paragraph 1 for Annexes IV, V and VI, the Member State concerned shall present a duly justified request to the Commission by 17 September 2014.;

(4) Article 9 is amended as follows:

(a) paragraph 2 is replaced by the following:

2. The power to adopt delegated acts referred to in Article 3(3) and (4) shall be conferred on the Commission for a period of five years from 11 August 2011. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the 5-year period. The delegation of power shall be tacitly extended for periods of an

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identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.;

(b) paragraph 3 is replaced by the following:

3. The delegation of power referred to in Article 3(3) and (4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.;

(c) paragraph 5 is replaced by the following:

5. A delegated act adopted pursuant to Article 3(3) and (4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.;

(5) Annexes IV, V and VI, as set out in the Annex to this Regulation, are added to Regulation (EU) No 691/2011.

*Article 2*

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg, 16 April 2014.

*For the European Parliament*

*The President*

M. SCHULZ

*For the Council*

*The President*

D. KOURKOULAS

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ANNEX

‘ANNEX IV

# MODULE FOR ENVIRONMENTAL PROTECTION EXPENDITURE ACCOUNTS

## Section 1

## OBJECTIVES

Environmental protection expenditure accounts present data, in a way that is compatible with the data reported under ESA, on the expenditure for environmental protection, i.e. the economic resources devoted by resident units to environmental protection. Such accounts allow for the compiling of national expenditure for environmental protection which is defined as the sum of uses of environmental protection services by resident units, gross fixed capital formation (GFCF) for environmental protection activities, and transfers for environmental protection which are not a counterpart of previous items, less financing by the rest of the world.

The environmental protection expenditure accounts should make use of the already existing information from the national accounts (production and generation of income accounts; GFCF by NACE, supply and use tables; data based on the classification of functions of government), structural business statistics, business register and other sources.

This Annex defines the data to be collected, compiled, transmitted and evaluated for the purposes of environmental protection expenditure accounts by the Member States.

## Section 2

## COVERAGE

Environmental protection expenditure accounts have the same system boundaries as ESA and show environmental protection expenditure for principal, secondary and ancillary activities. The following sectors are covered:

— general government (including non-profit institutions serving households) and corporations as institutional sectors producing environmental protection services. Specialist producers produce environmental protection services as their principal activity,

— households, general government and corporations as consumers of environmental protection services,

— the rest of the world as beneficiary, or origin, of transfers for environmental protection.

## Section 3

## LIST OF CHARACTERISTICS

Member States shall produce environmental protection expenditure accounts according to the following characteristics which are defined in accordance with ESA:

— output of environmental protection services. Market output, non-market output and output of ancillary activities are distinguished,