

Medlemmerne af Folketingets Europaudvalg
og deres stedfortrædere

Bilag	Journalnummer	Kontor	
1	400.C.2-0	EUK	7. februar 2005

Til underretning for Folketingets Europaudvalg vedlægges i forbindelse med Det Europæiske Råd i Bruxelles den 22.-23. marts 2005 Kommissionens synteserapport med bilag, KOM(2005) 24, SEC(2005) 192 samt SEC (2005) 193.



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 3.2.2005
SEC (2005) 192

**LISBON ACTION PLAN INCORPORATING EU LISBON PROGRAMME AND
RECOMMENDATIONS FOR ACTIONS TO MEMBER STATES FOR INCLUSION
IN THEIR NATIONAL LISBON PROGRAMMES**

**Companion document to the Communication to the Spring European Council 2005
{COM (2005) 24}
Working together for growth and jobs**

The fiches enclosed provide a draft Lisbon Action Programme.

Central Policy Area - 1: Extend and deepen the Internal Market

Completing the Single Market, particularly in the area of services, regulated professions, public procurement and financial services remains a crucial task. So does better implementation and enforcement of legislation already decided. A fresh political impulse to the Single Market can be expected to make a significant contribution to growth and jobs as the removal of remaining barriers will create new opportunities for market entrants. The resulting greater competition will also spur investment and innovation. This is all the more important against a backdrop of stagnating intra-EU trade in goods and stalling price convergence. Part of making the most of the Internal Market in EU-25 relies on Member States taking greater ownership and working together in partnership in order to make it easier to trade and invest. In this context, Member States should ensure that their own regulatory systems are better attuned to the needs of an EU-wide market.

Central Policy Area - 1: Extend and deepen the Internal Market

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANISH POSITION
<p>Free movement of services: Remove the remaining barriers to trade and investment in services within the European Union</p> <p>Transparency of national regulation.</p>	<p>Legislation Administrative cooperation</p> <p>Legislation</p>	<p>- Currently: directive on Services under negotiation in Council and Parliament.</p> <p>- By the end of 2005, common position.</p> <p>- Respect agreed timetables for liberalisation of energy and transport markets, including 3rd railway package, access to seaport services</p> <p>- In 2005, proposal to extend the Directive 98/34 to services. - By 2007, adoption.</p>	
<p>Free movement of goods: Revision of the New Approach</p> <p>VAT payments</p> <p>REACH proposals</p>	<p>Legislation</p> <p>Legislation</p> <p>Legislation</p>	<p>- In 2005, Commission proposal to be adopted.</p> <p>- In 2006, Adoption of the new legislation.</p> <p>- 2004: proposal to simplify the current VAT compliance obligations. The proposal would provide for a "one-stop-shop" system where a trader could fulfil all his VAT obligations for EU-wide activities in the Member State in which he is established.</p> <p>- By 2005: It is important that the Council finds the necessary unanimity for adoption.</p> <p>- 2005: Commission to work with European Parliament and Council to ensure a marked</p>	

STATES				
Effective timely and correct implementation and enforcement of internal market legislation*	Recommendation Internal Market Scoreboard Infringements Networks Information systems Administrative cooperation	<p>- Member States need to meet the transposition targets agreed long ago by the European Council. Dutch Presidency has asked each MS to set its own date for reaching the targets.</p> <p>- Legislative process needs to be complemented by networking and mutual assistance between Member States (supported by modern information systems) and by the screening of domestic legislation for compatibility with EU rules in order to make the internal market work better in practice.</p>		The aim is to implement legislation in such a way that it makes the free movement of products and services work more simply and better.
<i>* mandatory</i>				
Effective and efficient application of EU public procurement rules through simplification, better compliance and e-procurement.	Legislation Best practice Redress mechanisms Supervision Administrative cooperation	<p>March 2004: adoption of the new legislative package of public procurement Directives. The package aims to simplify the existing system.</p> <p>By 31 January 2006: Member States implement them into national law.</p>		Effective application of legislation will lead to increased competition in public procurement markets which represent more than 16% of GDP. This will foster the competitiveness of firms operating in those markets and according to some studies could reduce prices by up to 30%.
<i>* mandatory</i>				

Other related issues	
Patents, including Community patent	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Mobility in the professions	Priority 10 "Providing incentives for the acquisition of skills, knowledge and human capital"

Central Policy Area – 2:

Ensure open and competitive markets inside and outside

EU competition policy has played a key role in shaping European competitive markets and this will continue in the enlarged Europe in particular through proactive enforcement and a state aid reform regarding innovation, R&D and risk capital. At the same time, European companies are facing more and more international challenges (the emergence of new international competitors, US competition ...) and EU trade policy needs to ensure that they can have access to third markets and compete on a fair basis. In summary, open markets, both in Europe and globally, are crucial to generating higher growth rates.

Central Policy Area - 2 – Ensure open and competitive markets inside and outside Europe

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANISH POSITION
Completion of an ambitious agreement in the framework of the Doha-Round	International agreement	- Approving the DDA end 2006 – early 2007.	
Completion of bilateral and regional FTAs	International agreement	- Concluding a wide-reaching free trade agreement with Mercosur (Brazil, Argentina, Uruguay and Paraguay) - Concluding a wide-reaching free trade agreement with the Gulf Cooperation Council (Saudi Arabia, Oman, Qatar, UAE, Bahrain and Kuwait)	
A level playing field on government procurement	EU legislation and international Agreements (WTO and bilateral)	- Study the possibility of adopting a new EU trade instrument (compatible with existing WTO or bilateral commitments) to motivate/give incentives to third countries to commit themselves to open up their public procurement markets to EU suppliers. - Assess how to arrive at a level playing field, e.g. through the application of the principle of reciprocity.	

A new drive for regulatory and administrative convergence	International agreement, Global standards, Bilateral relations, International cooperation	<ul style="list-style-type: none"> - Strengthening the US EU Guidelines for regulatory cooperation and transparency and adoption in 2005 of a forward looking strategy for EU US cooperation as set out in the 2004 Dromoland Castle Economic Statement. - Rapid conclusion of an agreement with Canada (TIEA). - Driving forward the agreed agenda with ASEAN through TREATI - Increased respect for intellectual property rights (IPR) including improved enforcement (implementation of the IPR enforcement strategy adopted in November 2004 by the Commission) - Reinforced bilateral and multilateral cooperation on competition policy and transport policy (TEN's, aviation, GALILEO, maritime safety) 	
Selective sectoral competition screening and competitiveness assessments	Sectoral enquiries and assessments in key markets important for the Lisbon Strategy.	- Carry out market enquiries and competitiveness assessments in key sectors for the Lisbon Strategy in order to ascertain the underlying reasons for dysfunctional markets, by examining all features of the market that might restrict competition, including with a view to assessing the impact of EU legislation on competition and competitiveness.	
Reform of the State aid architecture	Commission's policy instruments	- Adoption of reviewed texts by end 2006	
eCustoms: Introduce modern processes and procedures into customs legislation and practice	Legislation	- Launch of pluriannual eCustoms programme and adoption of the Modernised Community Customs Code.	

RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	DANISH POSITION
State-aid reduction and redirection of remaining state aid to horizontal "Lisbon" objectives	National budgets		

Selective competition and competitiveness screening	National sectoral enquiries and remedies	- Carry out market enquiries; also to assess the impact of national regulation on competition. Remedial actions taken at national level	
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Other related issues	
Review of State aid framework	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Pro-Active Competition Policy	Priority 7: "Contributing to a strong European industrial base"

Central Policy Area - 3: Improve European and national regulation

Better regulation has a significant positive impact on the framework conditions for economic growth, employment and productivity by cutting costs and removing obstacles to flexibility and innovation. More competition friendly legislation would also help create more conducive conditions for economic growth and improved productivity. This comprises measures such as simplification and efforts to reduce the burden of administrative costs. An appropriate regulatory framework will also strengthen consumer confidence and thereby contribute to growth. Furthermore, it is crucial to ensure and, where necessary, improve of the role of national administration in providing adequate conditions for the market (e.g. e-governance, fight against corruption).

Central Policy Area - 3: Improve European and national regulation

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANISH POSITION
Outside expertise on quality and methodology of carrying out Impact Assessment.	Commission decision	- By end 2005: putting in place a mechanism to advise the Commission on quality of the Impact Assessment.	
Assessing the competitiveness effect of new legislative/policy proposals through the Commission's Impact Assessment (IA) instrument.	Commission decision Commission decision Commission decision Interinstitutional agreement Commission decision	- By June 2005: Establishment of internal mechanisms to ensure that all major Commission legislative and policy proposals that may impact business are accompanied by thorough IA analysis on the basis of the agreed methodology . - By March 2005: Formal adoption of revised IA guidelines - By March 2005, approval of pilot projects for improving the assessment of administrative costs and incorporation of an agreed approach to measure administrative costs in the Impact Assessment system before the end of 2005; - Assessment by the three institutions of the proper implementation of the interinstitutional agreement. - By spring 2006, annual report on impact assessment progress in the EU and in Member States	
Consultation	Principles and minimum standards for consultation	- Improved internal mechanisms within the Commission services to make sure that the proposals submitted to the Commission fulfil the minimum standards.	
Simplification	Commission decision	- Annual simplification rolling programme,	

	Enforcement of the Interinstitutional agreement	laying down clear targets to be met within specified deadlines - Establishment of a fast track procedure for relevant cases in Council and EP (Art. 34 of the Interinstitutional agreement)	
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RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	DANISH POSITION
Governance and Regulatory policy management	OMC	Adoption of indicators (based on proposal contained in Commission Communication). - Regular reviews on progress achieved by MS in putting in place regulatory policy practices and ad-hoc follow up structures, including those ensuring the highest level of quality public service	
Impact Assessment	OMC	- Regular reviews of progress made by MS in conducting IA on their own legislative initiatives and regular reviews of methodologies applied at national level on IA	
Simplification	Active role to be played by the Competitiveness Council OMC OMC	- Establishment of a monitoring system to review progress achieved by MS in the area of reduction of administrative burdens - Encourage MS to develop comprehensive simplification programmes - Consider the introduction of an 'Internal Market compatibility test' to be applied to national legislative initiatives	

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Central Policy Area - 4: Expand and improve European infrastructure

A modern infrastructure is an important competitiveness factor in many enterprise decisions, affecting the economic and social attractiveness of locations. Also, infrastructure investments in the new Member States will encourage growth and lead to more convergence, in economic, social and environmental terms. Given the long term effects of infrastructure, decisions in this field should significantly contribute to sustainability. Finally, we need to pursue the already decided liberalisation in key sectors (such as energy and other network industries) as an essential lever for ensuring the best use of physical infrastructure for the benefit of both industry and consumers

Central Policy Area - 4: Expand and improve European infrastructure

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANSIH POSITION
TENs including Quick Start Programmes	Expenditure EIB loans	<p>Mobilise the current and 2007-2013 Budget (TENS budget line, Cohesion funds and ERDF, guarantee instruments)</p> <p>Completing the Trans-European Networks (including the motorways of the sea)</p> <ul style="list-style-type: none"> • The decision on the 2004 TEN Guidelines estimated the cost of entire network at €600 bn, to be built by 2020. • 30 priority projects decided by the Parliament and Council which will cost € 225 bn. <p>Achieving cross-border interconnections.</p> <ul style="list-style-type: none"> • By 2010, 'quick start' works on 30 sections projects costing €38 billion should be built. • 15 TEN energy projects costing €10 billion until 2010. • The development of electricity cross-border interconnectors <p>8 projects with €14 billion for high-speed and mobile communications networks, R&D and innovation.</p>	
Intelligent Transport Systems, logistics and intermodality	Legislation Expenditure Standardisation Legislation OMC (co-ordinated deployment plan)	<ul style="list-style-type: none"> • Possible legislation on digital tachograph • R&D on multimodal real-time information • Standardisation: questions for universal on-board unit • European Railway Traffic Management Systems (ERTMS) • by spring 2005, 	

		adoption of further Technical Specifications for Interoperability for conventional rail) • SESAME: Modernisation of ATM infrastructure. Definition phase Summer 2005-2007;- Implementation phase to start in 2007;- COM proposal on governance structure for implementation phase 2Q 2005	
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RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	DANISH POSITION
Transposition and application of the liberalisation Directives*	Framework Legislation on Secondary legislation in Member States OMC (co-ordination of Regulatory bodies)		
* mandatory			
TENs and Quick Start Programmes	Legislation Expenditure	- Timetables for building key TEN links, as well as complementary infrastructure	
Intelligent Transport Systems	Electronic Fee collection: development of an EU norm	(see above) Digital Tachograph: completion of tests to connect to the Tachonet system	

Related issues	
Research	Priority 5 "Increase and improve investment in Research and Development"
Climate change - The European Climate Change Programme (ECCP) s	Priority 6: "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Environmental technologies	Priority 6: "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Energy efficiency	Priority 6: "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Technology Platforms	Priority 7: "Contributing to a strong European industrial base"

Central policy area 5: Increase and Improve investment in Research and Development

In advanced economies such as the EU, knowledge, including R&D, is a key driver of productivity growth. The EU invests about a third less in R&D than the USA – this is largely due to less private sector R&D. Annually the USA spends about €80 billion more on business R&D than the EU. More favourable framework conditions for both public and private R&D and better co-ordination across Member States and with the EU level could contribute to ensuring faster progress towards the target of 3% of GDP for R&D expenditure. In fact a strong competitive pressure provides powerful incentives for companies to continuously engage in innovation and R&D.

Central policy area 5: Increase and Improve investment in Research and Development

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANISH POSITION
Gain leadership in key technological areas through the new R&D framework programme with - a doubled budget -an increase in industry participation -increased focus on industrial needs	Expenditure - including initiatives under article 169 and 171 and a new risk sharing mechanism with EIB	- July 2004-Oct 2004: Public consultation. - 2005: FP7 proposed by Commission including actions for: - Researchers : Marie Curie scheme - Frontier knowledge : European Research Council - Research cooperation, including coordination of national programmes and Joint Technology Initiatives, building on the work of European Technology Platforms - Research capacities: infrastructures, measures for the regions, SMEs, etc. - 2006, adoption of FP7 by the Council and the Parliament by co-decision	
Improve conditions for investment in research: - research careers - fiscal incentives - relations between public research and industry	EU Guidelines or recommendations	- Adoption of EU frameworks to: <ul style="list-style-type: none"> ▪ Make research careers more attractive, including in the private sector ▪ Ensure an optimal EU-wide use of fiscal incentives in favour of R&D (identify best practices and constraints in Community law and where appropriate, recommend tax measures) ▪ Improve research collaboration and technology transfer between public research and industry 	
Enhance possibilities	Framework of	2005: adoption of new	

es for Member-States to support R&D.	state aid	framework of state aids to R&D	
Enhance EU attractiveness for R&D activities - Fast track visa and work permit arrangements for third country researchers.	Legislation Recommendation	<ul style="list-style-type: none"> - Directive+ 2 recommendations proposed in 2004. - June 2004: agreement on a common orientation on the recommendations. - Nov 2004, adoption by the JHA of a general common orientation on the directive. - By end 2008 transposition by the MS of the directive 	

RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENTS	INDICATIVE ROADMAP	DANISH POSITION
Implement policies to achieve national targets contributing to the overall 3% target	OMC 3% action plan	<ul style="list-style-type: none"> - Strengthening OMC based on the results of the first cycle - Implementation of measures according to each MS' timetable 	

Other related issues	
Reform of the state aid architecture	Priority 2 "Ensure open and competitive markets inside and outside Europe"
EIB Innovation 2010 initiative. Support to regional innovation...)	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Foster knowledge Absorption by enterprises	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Promoting the development and uptake of environmental technologies	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Energy efficiency and low carbon technology	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Climate change	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Increase the high technology content of the EU industry	Priority 7: "Contributing to a strong European industrial base"
Education policy	Priority 10 "Providing incentives for the acquisition of skills, knowledge and human capital"

Central Policy Area - 6:
**Facilitate innovation, the uptake of ICT and the sustainable use of
resources**

In advanced economies such as that of the EU, innovation is the principal determinant of productivity growth. In turn, competition and tax policy play a crucial role in determining innovation especially in the context of rapidly changing technology. By obtaining more output from given inputs, productivity growth can also make a significant contribution to ensuring that economic growth is increasingly environmentally sustainable. This is why eco-innovations need to be strongly promoted, notably in transport and energy.

Central Policy Area - 6: Facilitate innovation, the uptake of ICT and the sustainable use of resources

[illegible]

Foster knowledge absorption by enterprises	Expenditure Networking	<ul style="list-style-type: none"> – Business Innovation Support Scheme, to evaluate technology needs of SMEs and subsequently to carry out transnational technology transfer projects (see also policy area 5) 	
Foster regional innovation	Expenditure: Structural Funds Networking	<ul style="list-style-type: none"> – End-2005: Community strategic guidelines on cohesion – End-2006: Decision on operational programmes – 2005: Innovating Regions in Europe: launch new regional innovation actions, including Mutual Learning Platform 	
World-class ICT and media sectors	Legislation Recommendations Expenditure	<ul style="list-style-type: none"> • 2005/6: review of regulatory framework for electronic communications • 2005: Revision of Community rules in the area of ICT standardisation • From 2005: review/ adoption of other EU law relevant (e.g. IPR/ digital rights management, software patentability, TV without frontiers) • 2006: Action Plan for high-tech start-ups and eSkills in the framework of i2010 initiative • 2005-2010: stimulate investment through EU support to R&D (IST in FP7) and deployment (ICT policy support fund) 	

Environmental technologies	Expenditure Co-ordination European Energy Efficiency Initiative (Green Paper 2005) Legislation	<p>Technology push</p> <ul style="list-style-type: none"> • Increase R&D, Dissemination effort on eco-innovation in 6th and 7th FP • Technology platforms related to environmental technologies • Establish an EU-wide system for testing and verifying environmental technologies. <p>Market Pull</p> <ul style="list-style-type: none"> • Mobilise EU funds for co-financing investment capital/venture capital for eco-innovation • Establish performance targets for key products, services and processes • Green Public procurement • Remove market barriers and environmentally-harmful subsidies 	
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Energy efficiency and renewable energy	Expenditure Coordination Legislation (i.a. through European Climate Change Programme)	<p>Technology push (R&D, Dissemination)</p> <ul style="list-style-type: none"> Financing: increase R&D, Dissemination funding Low carbon technology investment fund (EIB) Technology Platforms related to low carbon technologies (e.g. hydrogen and photovoltaics) <p>Market Pull</p> <ul style="list-style-type: none"> Energy Services Directive Buildings Directive Emission trading : review 2006 Eco-design directive Energy efficiency standards for energy-using Products - implementation daughter directives Energy labelling including Energy Star (extension of scope) Incentive schemes and fiscal instruments Intelligent Energy Europe Programme Clean vehicles Hydrogen pilot project 	
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RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	DANISH POSITION
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Reduce the cost of patenting	Adoption of best practice Expenditure	– Reduction in the cost of patenting by: <ul style="list-style-type: none"> • adoption of best practice in processing demands and enforcement; • changing the fees 	
Promote technology development and innovation via public procurement	Public procurement policy	2006: Recommendations on the use of public procurement to create “lead markets” for new technologies	
Promoting eco-efficient innovation	Co-ordination Expenditure	<ul style="list-style-type: none"> • National roadmaps for ETAP implementation • Co-ordinating R&D activities in eco-innovation • Promoting Green Public Procurement nationally • Removing market barriers and review environmentally harmful subsidies • Mobilising risk funding: establishing green investment funds, transfer of good practices • Promoting eco-efficient production systems and clean products 	

Climate Change - The European Climate Change Programme (ECCP)	Expenditure Legislation	Technology push : R&D, Dissemination <ul style="list-style-type: none"> Financing : increase R&D, Dissemination funding Market Pull <ul style="list-style-type: none"> Emission trading - national imple- mentation Renewable energy : implementation RES-E Directive and biofuels directive 	
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Related issues	
Integration of financial markets	Priority 1 "Extend and deepen the Internal Market"
Competition, access to markets	Priority 2 "Ensure open and competitive markets inside and outside Europe"
Reform of the state aid architecture	Priority 2 "Ensure open and competitive markets inside and outside Europe"
Research	Priority 5 "Increase and improve investment in Research and Development"
Technology	Priority 7 "Contributing to a strong European industrial base"
Clusters	Priority 7 "Contributing to a strong European industrial base"
Skills and education	Priority 10 "Providing incentives for the acquisition of skills, knowledge and human capital"

Central Policy Area – 7: Contributing to a strong European industrial base

In order to be an economic and technological leader, Europe must have a strong industrial capacity, particularly by exploiting fully its technological potential in key areas through an integrated and anticipative approach based on market driven development of industrial sectors. The synergies from jointly addressing research, regulatory and financing challenges at the European level where for reasons of scale or scope individual member states cannot succeed in isolation to tackle market failures have not always been fully exploited. The Galileo project is an exception and this approach is still visible in aeronautics – in both cases bringing significant benefits to the European economy. Such approaches, possibly using public private partnerships, could usefully also be developed to tackle cases where the benefits for society are larger than those for the private sector: for example, energy from hydrogen. The relaunch of the Lisbon strategy should create the right conditions for tapping this potential and facilitating the necessary structural change whilst working externally to achieve open markets.

Central Policy Area – 7: Contributing to a strong European industrial base

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANISH POSITION
<p>Increase the high technological content of the European industry</p> <ul style="list-style-type: none"> - Enhancing the EU's industrial technology capacity - Support industrial competitiveness by setting up major European technology initiatives 	<p>Technology platforms</p> <p>Expenditures Private-Public partnerships</p>	<ul style="list-style-type: none"> - 2005: Establishing a strategic RTD agenda (conclusions from the dialogue in the 22 platforms) - 2005: translating the strategic agendas of the existing platforms into the thematic priorities of FP7 (see priority 5) - June 2005: Commission report to the European Council on the criteria, themes and projects (in close cooperation with stakeholders). - Mobilising funding from the community, Member-States and industry in the context of the next framework program (see priority 5). 	
<p>Applying the best policy mix at sectoral level</p>	<p>Policy measures</p> <p>Expenditures</p>	<ul style="list-style-type: none"> - Concluded sectoral reviews with decided EU policy actions. - Implementation of identified sectoral policy mix. - July 2004: within the programming of structural funds, foresee a reserve fund (1% of Objective 1 funds, 3% of Objective 2) being put aside for intervention in case of unexpected shocks. July 2004: proposal to reserve a part of a Growth Adjustment fund (1 bn/year) in the Financial Perspectives (1a. Funds for Competitiveness for growth and employment). - By 2006, adoption by the council. 	

RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	DANISH POSITION
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Promoting local and regional clusters	OMC + cohesion policy	. Promote the creation of new companies from universities. . Improve the interface between industry and research centres.	
Actions to anticipate structural changes	National Strategic Plans – cohesion policy (to be linked with National Lisbon Policies)		

Other related issues	
Modernisation of company law	Policy1 “Extend and deepen the Internal Market”
Proactive Competition policy	Policy 2 “Ensure open and competitive markets inside and outside Europe”
Sector enquiries on competition and competitiveness	Policy 2 “Ensure open and competitive markets inside and outside Europe”
International dimension of industrial policy (access to market...)	Policy 2 “Ensure open and competitive markets inside and outside Europe”
Friendly business environment	Policy 3: “Improve European and national regulation”
Public support to business research	Policy 5 “Increase and improve investment in Research and Development”
Eco-innovation and environmental technologies	Policy 6: “Promote innovation, the uptake of ICT and the sustainable use of resources”
Skill shortages	Policy 10 “Providing incentives for the acquisition of skills, knowledge and human capital”

Central Policy Area - 8:
Attract more people into employment and modernise social protection systems

Raising employment levels is the strongest means of generating growth and promoting socially inclusive economies. This is all the more necessary because of the decline in the working age population over the next decades. The challenge is to attract more people into the labour market through Active Labour Market Policies and appropriate incentives. Moving people into employment and giving incentives to stay longer in the work force all require the modernisation of social protection systems.

Central Policy Area - 8: Attract more people into employment and modernise social protection systems

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANSIH POSITION
Promote equal opportunities	Ensure full implementation of acquis Legislation	- Adoption of pending recast proposal on the implementation of the principle of equal opportunity and equal treatment of men and women in matters of employment and occupation	
Increase the effectiveness of policy coordination in the social protection/social inclusion area	Coordination in the field of social protection/social inclusion	- By 2006: Streamline existing processes; adoption of common objectives covering inclusion and pensions and health care reforms; simplified reporting; strong emphasis on implementation - Mid 2006: submission of National Reports/Plans	
Coordination of admission policy for economic migrants	Legislation	- July 2005: public hearing following the public debate stimulated by the Green Paper "on an EU approach to managing economic migration" - End 2005: policy plan on legal migration - 2006: legislative instrument	
Promote inclusive labour markets: - Promote the integration of people excluded from the labour market; - Promote the integration of legally resident migrant workers	Social Dialogue (Consultation of social partners, Member States and other stakeholders on further EU action to promote integration, Art. 138) OMC European Employment Strategy	Adoption and follow-up to the social partners consultations	

RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENTS	INDICATIVE ROADMAP	DANSIH POSITION
Set national level employment targets in line with overall EU targets	National commitment to a target level, to be used as overall frame in setting individual measures	- Targets to be proposed by MS in national action plans in the light of the Community target set in the EES	
Improve use of Active Labour Market Policies (ALMP) to reduce unemployment rates, in particular long-term unemployment	Expenditure Legislation European Employment Strategy	- Improvement of employment services to ensure that every unemployed person is offered a new start. -strengthen conditionality of unemployment benefits - Income tax credits	

Increase female participation in the labour market	Expenditure Legislation Social dialogue European Employment Strategy	- Childcare facilities and care facilities for elderly and disabled - Extension of parental leave for fathers	
Reduce youth unemployment	Expenditure European Employment Strategy	- Better vocational training/apprenticeships - Youth initiative (see box on European Youth Initiative).	
Develop active ageing strategies	Legislation European Employment Strategy OMC	- Suppression of early labour market exit incentives including public aid for pre retirement schemes; improved incentives and working arrangements for longer working lives; allow addition of pension benefits and wage	
Reform of Pension and Health care systems	OMC in the field of social protection and social inclusion Legislation	- Submit reports on reform progress regarding pensions and health/long-term care systems in mid-2006 to support the common objectives to modernise social protection systems	

Other related issues	
Education	Priority 10 "Increase investment in human capital through better education and skills"

Central Policy Area - 9:
Improve the adaptability of workers and enterprises and the flexibility of labour markets

In rapidly changing economies, a high degree of adaptability is vital to promote productivity growth and to allow employment to be re-allocated towards rapidly growing sectors. Increasingly, new firms and SMEs are major sources of job creation and growth in Europe. More flexibility combined with employment security will facilitate a greater ability to anticipate, trigger and absorb change. Greater adaptability should also contribute to ensuring that, wage developments do not exceed productivity growth over the cycle and reflect the labour market situation.

Central Policy Area - 9: Improve the adaptability of workers and enterprises and the flexibility of labour markets

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANISH POSITION
Promote labour mobility by removing obstacles to labour mobility arising from occupational pension schemes	Legislation	- By 2007: adoption by the Council of legislation on portability of occupational pensions	

RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENTS	INDICATIVE ROADMAP	DANISH POSITION
Ensure employment-friendly wage and other labour costs developments in line with productivity at sectoral and regional level	Institutional arrangements to allow the alignment of wages with productivity European Employment Strategy		
Promote flexibility combined with security in the labour market	Social dialogue Legislation European Employment Strategy	- Monitor types of contracts, duration and transitions in the labour market	
Transform undeclared work into regular employment	Implementation of legislation European Employment Strategy Open Method of Coordination		

Other related issues	
Long term unemployment rate	Priority 8 "Attract more people into employment and modernise social protection systems"
Ensure the best policy mix at sectoral level to facilitate structural changes	Priority 7 "Contributing to the creation of a strong European industrial base"
Life Long Learning (active ageing strategies)	Priority 10 "Increase investment in human capital through better education and skills"

Central policy area- 10: Increase investment in human capital through better education and skills

Structural change and productivity growth require a continued investment in a highly skilled and adaptable workforce. Economies endowed with a skilled labour force are better able to create and make effective use of new technologies, such as Information and Communication Technology (ICT). Educational attainment in Europe falls short of what might be required to ensure that skills are available in the labour market and that new knowledge is produced that is subsequently diffused across the economy. The emphasis on the importance of life long learning and knowledge in economic life also reflects the realization that advancing educational attainment and skills makes an important contribution to social cohesion.

Central policy area- 10: Increase investment in human capital through better education and skills

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	DANSIH POSITION
Promote geographical and occupational mobility	Legislation; administrative cooperation Europass	First half 2005: adoption of Directive on recognition of professional qualifications. 2006: proposal for European qualifications framework.	
Support Lisbon-related objectives in the area of employment, education and training	Expenditure European Social Fund Community programme (Structural and Rural Development funds, education and training programmes); European Employment Strategy Open method of co-ordination.	<ul style="list-style-type: none"> - By end 2005: adoption of lifelong learning programme - Adoption of the new ESF Regulation and Commission guidelines for use of EU funds in line with the Lisbon strategy's priorities - two-yearly reports to European Council from 2006 - By mid-2005: Commission proposals for EU strategy to support quality and attractiveness of European Higher Education - By mid-2005: Commission proposal for a European initiative on Youth (see box in text). 	

RECOMMENDED ACTIONS TO MEMBER- STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	DANSIH POSITION
Putting in place national strategies for lifelong learning by 2006	European Employment Strategy OMC	<ul style="list-style-type: none"> - Annual monitoring on the basis of EU targets and indicators in the framework of the EES - Report on progress in Member States' two-yearly Education and Training 2010" report 	

Improve the quality, relevance and attractiveness of vocational education and training	European Employment Strategy OMC	<ul style="list-style-type: none"> - Annual monitoring on the basis of EU targets and indicators in the framework of the EES - Report on progress on implementing national priorities agreed in the Maastricht Communiqué (of December 2004) in Member States' two-yearly "Education and Training 2010" report 	
Substantially raise per capita investment from public and private sources in human resources and improve the efficiency of investment	Expenditure; European Employment Strategy OMC	<ul style="list-style-type: none"> - Annual monitoring on the basis of EU targets and indicators in the framework of the EES - Report on priorities for reform and investment as part of two-yearly reporting (Education and training 2010). 	

Other related issues	
Employment	Priority 8 "Attract more people into employment and modernise social protection systems"
Adaptability	Priority 9 "Improve the adaptability of workers and enterprises and the flexibility of labour markets"



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 3.2.2005
SEC (2005) 193

**DELIVERING ON GROWTH AND JOBS: A NEW AND INTEGRATED ECONOMIC AND
EMPLOYMENT CO-ORDINATION CYCLE IN THE EU**

Companion document to the Communication to the Spring European Council 2005

{COM (2005) 24}

Working together for growth and jobs

A new start for the Lisbon Strategy

DELIVERING ON GROWTH AND JOBS: A NEW AND INTEGRATED ECONOMIC AND EMPLOYMENT CO-ORDINATION CYCLE IN THE EU

The Kok report underlined that the governance of the Lisbon strategy must be improved and streamlined. **Improved delivery mechanisms** are therefore required. These delivery mechanisms relate, to a large extent, to the question of how the EU economic and employment coordination process is organised.

The **integrated approach** to economic and employment policy coordination proposes a number of changes with the aim of rationalising and simplifying the existing economic and employment coordination process and reporting (see appendix 1 and 2). These proposals rely on the existing economic and employment coordination cycle and in addition allow the integration of a number of existing processes dealing with structural/microeconomic reform issues.

The starting point is for **action programmes at EU and Member State level** to be drawn up reflecting the priorities identified in the Communication. This will allow the Commission to support the reform process in the Member States whilst at the same time driving it forward at EU level. Progress on these EU and national action programmes would be monitored closely by the Commission and evaluated at the Spring European Council.

1. PLANNING ACTIONS AT THE EU AND THE MEMBER STATE LEVEL: TOWARDS AN INTEGRATED APPROACH

1.2 The EU level

A number of important policy measures in the central policy areas outlined in the Communication have to be taken at EU level, under the so-called “Community method”. These measures are grouped into a Union Action Plan which could be known as the **Lisbon Action Programme**. The effective and successful implementation of this programme will be crucial for the credibility of the renewed Lisbon strategy.

1.3 The Member State level

At Member State level, it is proposed that **National actions programmes** be established, to integrate many of the existing initiatives and become the cornerstone of a simplified reporting system.

The Broad Economic Policy Guidelines (BEPGs) are the central Treaty-based instrument for coordinating economic policies in the Union, the Employment Guidelines (EGs) are the central Treaty-based instrument for employment policies. These instruments are therefore the logical vehicles to provide consistent guidance to transform the Partnership for Growth and Jobs, and its individual policy measures, into national policy initiatives. On the basis of the orientations contained in the Mid Term Review Communication, the Commission will provide a new set of guidelines in its Recommendation for the BEPGs in 2005 (see appendix 1). Similarly, the priorities relating to employment policies would be set out in the Employment Guidelines and recommendations.

The integrated guidelines package

The BEPGs and the Employment Guidelines would be integrated in an “Integrated Guidelines Package” containing 5 chapters. Apart from a political introduction (Chapter I) and conclusion (Chapter V), the package would have two clearly separate parts. Part 1 (Chapters II and III) would contain the BEPGs (based on article 99 of the Treaty) for the coordination of economic policies. Part 2 (Chapter IV) would contain the Employment Guidelines (based on article 128 of the Treaty). Part 1 would be further divided in two chapters dealing respectively with macro- (Chapter II) and microeconomic issues (Chapter III). Chapter IV would exclusively deal with

employment issues and should be consistent with the BEPGs as set out in the Amsterdam Treaty protocol¹.

Integrated Guidelines Package		
Chapter I: Introduction		
Part 1 Broad Economic Policy Guidelines (Art. 99)		Part 2 Employment Guidelines (Art. 128)
Chapter II: Macro	Chapter III: Micro	Chapter IV: Employment
Chapter V: Conclusion		

It should be noted that budgetary surveillance will be the object of a separate process under the Stability and Growth Pact. Given its specificity, further efforts will be made to exploit the synergies with other processes, in particular with regard to the BEPGs.

After the adoption of the BEPGs and Employment Guidelines, Member States would, on the basis of these guidelines, produce a single **national action programme**. The guidelines will leave Member States enough flexibility to cater for specific policy requirements at national level.

The economic and employment coordination cycle: a new start in 2005

In 2005, the BEPGs and Employment Guidelines will be adopted as a package after the Spring European Council with the aim of informing the national Lisbon programmes to be submitted by the Member States in the autumn. This will be the beginning of a **three-year coordination cycle (2005-2008, see appendixes 2 to 5)**. The aim is to ensure a sufficiently stable framework for the discussions in the European Council allowing all stakeholders to concentrate on the effective implementation of the revised Lisbon strategy. While a so-called “light” review will be undertaken in the first two years (2006 and 2007), a more “in-depth” review is planned for 2008. The “light” review will be included in an **EU Annual Progress Report** and the “in-depth” review will be grouped together in an **EU Strategic Report (2008)**, which will mark the start of a second three- year cycle.

Given the need to ensure that Member States develop the appropriate policy mixes in their national Lisbon programmes to cater for their own national specificities and given the need to **enhance the Member States’ ownership of the reform process**, the new set of BEPGs and Employment Guidelines in 2005 will remain rather general. They will therefore not include new country specific guidelines or recommendations. However, the existing country specific recommendations would remain valid (“in the background”) and would only be revised, if necessary, in 2006 on the basis of the national Lisbon programmes due in the autumn of 2005. Indeed, since the Member States will adopt their national Lisbon programmes in the autumn of 2005, the Commission will be in a position to report in early 2006 on the programmed reforms across the Union in its first EU Annual Progress Report. Reporting on actual implementation in the Member States on their national Lisbon programmes will be included in the 2007 Annual Progress Report. The EU Strategic Report planned in 2008 will then provide an in-depth review of the implementation of the renewed Lisbon strategy and suggest detailed amendments where necessary. At that stage, it may be deemed necessary to review the planning and reporting process in order to assess whether further streamlining is required.

Shaping the national Lisbon programmes

¹ The Amsterdam Treaty protocol says that the newly created sectoral instrument of employment guidelines “shall be consistent with the broad guidelines adopted pursuant to Article 99(2).

It is proposed that these national Lisbon programmes be **organised in a standardised format in three parts**: the first dealing with macro-economic and budgetary policy measures (with the aim of providing sound macroeconomic conditions), the second with labour market policies and the third with structural/microeconomic reform issues. The programmes should remain sufficiently flexible as instruments, allowing Member States to tailor them to their specific needs. As far as the macroeconomic part is concerned, it should be underlined that – under the current framework – the stability and convergence programmes would be submitted in the autumn in parallel with the national Lisbon programmes but they would continue to be a separate document. The employment chapter would rely on the existing treaty-based national employment action programmes. The integration of these action programmes in the national Lisbon programmes should strengthen the employment focus of the renewed Lisbon Strategy. The chapter on structural/microeconomic policies will need to be developed on the basis of the existing microeconomic part of the BEPGs. This chapter will include the structural funds strategic programmes setting out for each Member State the priorities for EU expenditure in the regional programmes. These priorities will be closely related to the priorities identified in the Communication. Member States should commit themselves to discussing these national Lisbon programmes with their **social partners** and adopting them by the government after a debate in their **national parliament**. The **European Parliament** should be closely involved in the renewed Lisbon strategy, participating fully in the debate and providing guidance to the Council and the Member States. Given the integrated nature of the guideline package, the European Parliament should be invited to comment on the whole package before the European Council endorses it. This will allow the Parliament to build on the existing practice of issuing an opinion in early spring on the Employment Guidelines as foreseen under Article 128. In keeping with the inter-institutional agreements, the Presidents of the European Parliament, the Council and the Commission should meet to discuss legislative programming regarding the implementation of the Community Lisbon Programme.

2. STREAMLINING REPORTING AT THE EU AND MEMBER STATE LEVEL

2.1 The EU level

At the EU level, there will only be one report on the progress of the EU concerning the implementation of the actions in the Union action programme. This document could be based on existing reports, such as the Internal Market Strategy Implementation Report and monitoring tools such as the Internal Market Scoreboard. It will be integrated in the overarching EU Annual Progress/Strategic Report (see below).

2.2 The Member State level

National reporting will be streamlined covering macroeconomic and budgetary matters, microeconomic or structural reforms and employment issues. For the reporting on the structural reforms area, Member States could rely to a large extent on the existing national reports on structural reform in the context of the Cardiff process. While national reporting on macroeconomic issues needs to be further developed, reporting in the employment area can build on existing reporting related to the national action programmes on employment. The Commission will summarise and assess the progress achieved by Member States with their national Lisbon programmes in its EU Annual Progress/Strategic report. Furthermore, the Commission will review the Open Method of Coordination processes related to the Lisbon strategy with a view to establishing their value added in the context of this renewed delivery and reporting structure. This implies that satellite OMC- and other sectoral processes can feed into the national Lisbon programmes to the extent that they directly relate to growth and jobs. Those processes that would no longer feed into the renewed Lisbon structure could be maintained for other policy purposes outside the Lisbon strategy.

The structure of reporting will reflect the structure of the integrated guidelines package and cover macro-, micro- and employment issues. It will allow a more productive involvement of the Com-

petitiveness Council in discussions on micro-economic/structural reform while Council for Economic and Finance Affairs and the Council for Employment and Social Affairs Council would respectively focus more on macroeconomic and employment issues.

3. DEVELOPING AN INTEGRATED, STRATEGIC REPORT FOR THE EUROPEAN COUNCIL

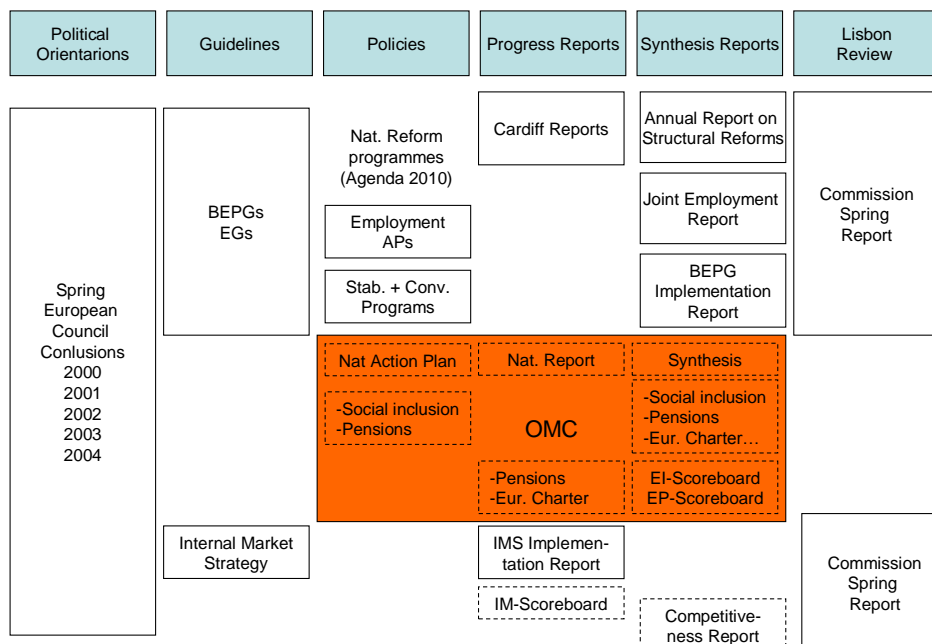
On the basis of this streamlined reporting cycle the Commission would draw up in January an **Integrated Report** to the Spring European Council setting out the progress being made on the Lisbon strategy. This report will follow the structure of the integrated guidelines package and include an assessment of the Union Lisbon Programme. While in the first two years of the three-year economic and employment coordination cycle the Integrated Report would be called EU Annual Progress Report (“light” review), in the third year it would be labelled EU Strategic Report (“in-depth” review). In this report, the Commission would also make proposals for amending the BEPGs, the Employment Guidelines and the Union Lisbon Programme, if necessary. It will be an important element of simplification to ensure that the Integrated Report is adopted at the same time as the Commission’s proposals for the BEPGs and Employment Guidelines, i.e. ahead of the Spring European Council.

The Integrated Report would encompass the current Commission Spring report, as well as a number of reports on the implementation of guidelines established at the European level such as BEPG implementation report and Joint Employment Report. In addition, the report would also cover the progress made with regard to the implementation of the EU Lisbon Programme. A **unified and integrated report at the European Council level** would allow political ownership to be taken at the highest level. Orientations on these matters provided by the European Council would subsequently be reflected in changes of the BEPGs, the Employment Guidelines and the national and Union Lisbon programmes.

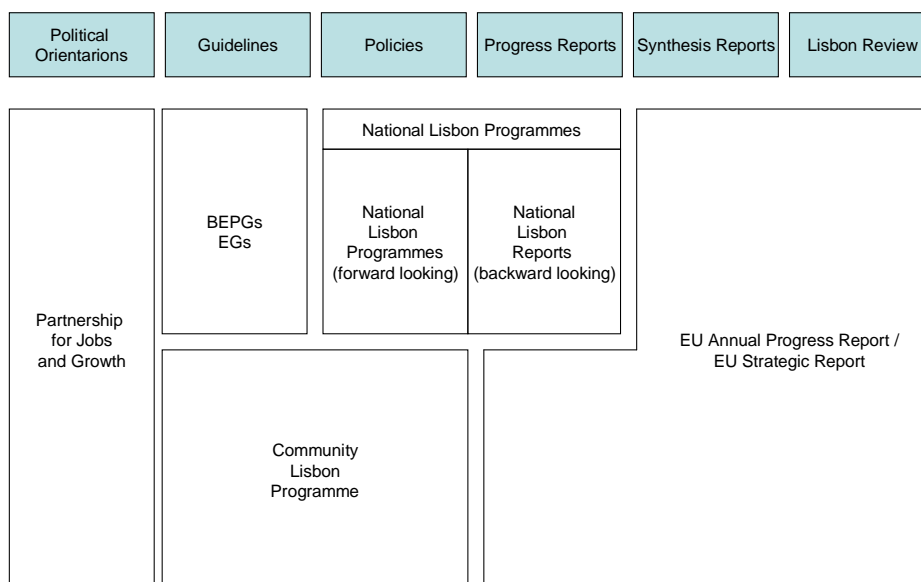
APPENDIX 1

CO-ORDINATION PROCESS: PROPOSAL FOR SIMPLIFICATION

LISBON COORDINATION PROCESS - TODAY

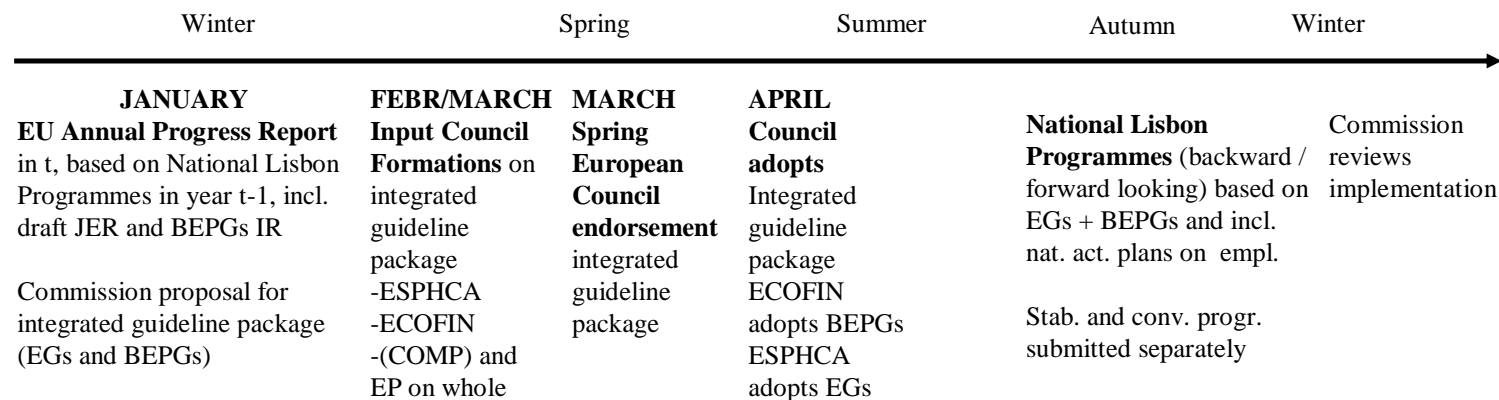


LISBON COORDINATION PROCESS – SIMPLIFIED

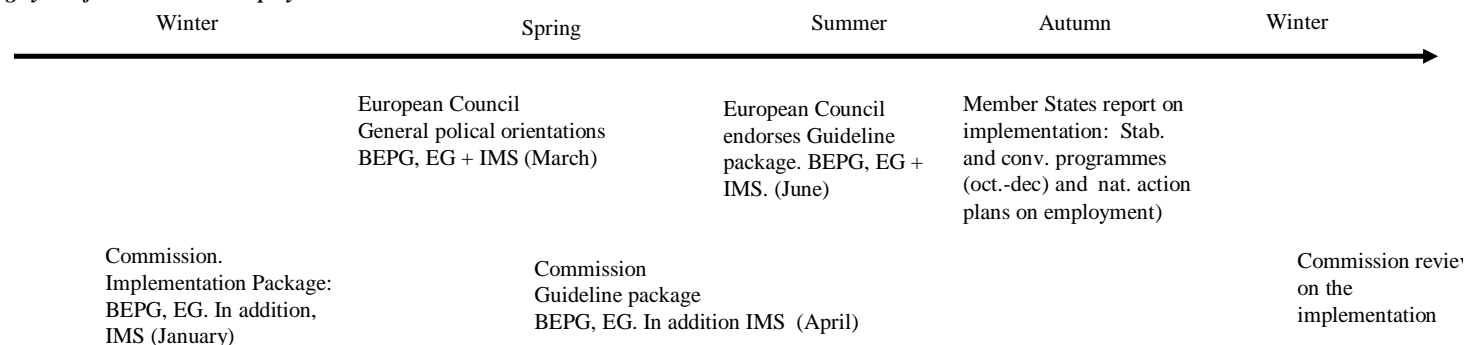


APPENDIX 2: NEW COORDINATION CYCLE

Proposal for year t

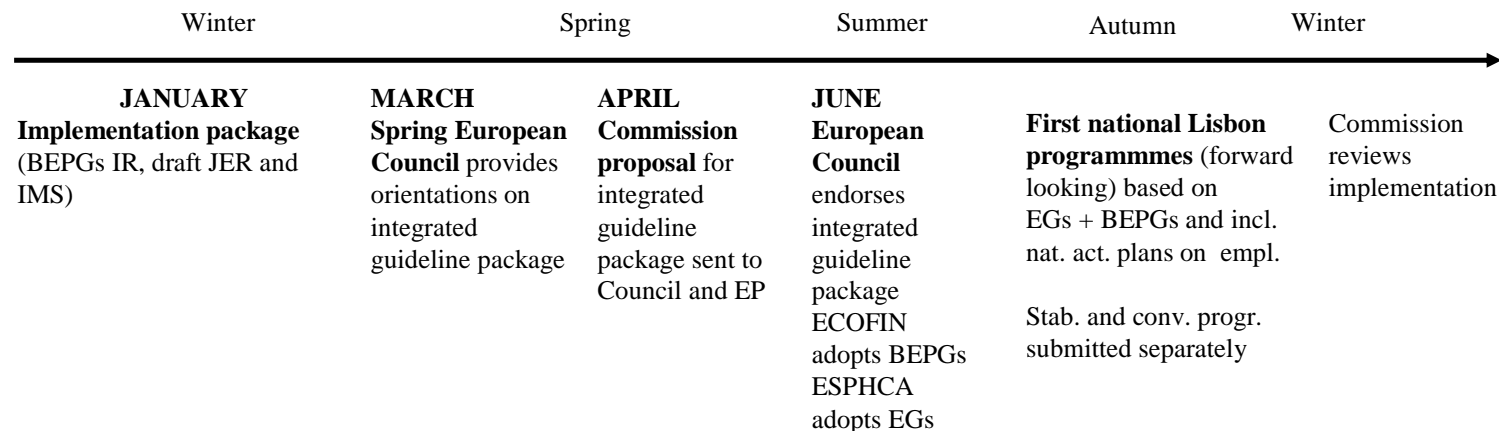


Existing cycle of economic and employment coordination 2003-2005

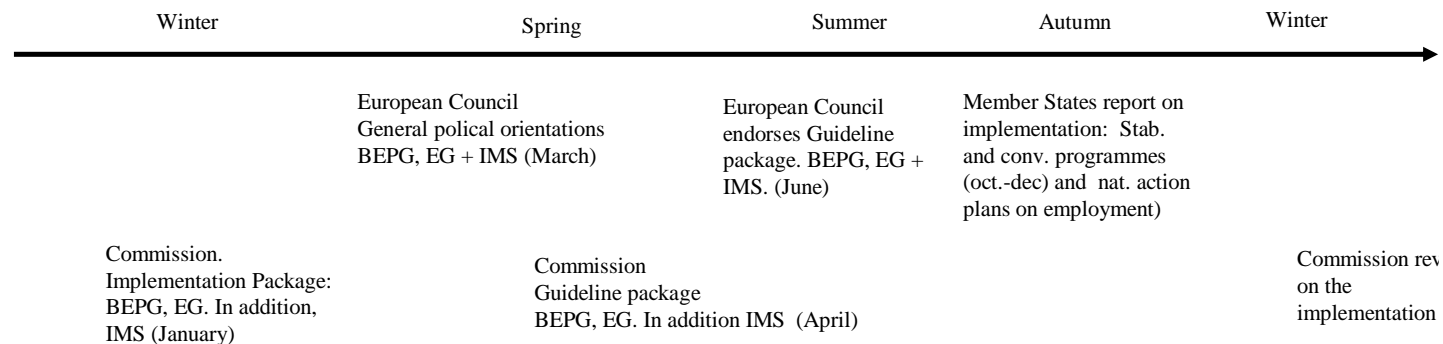


APPENDIX 3: PHASING IN (2005)

Proposal for year 2005

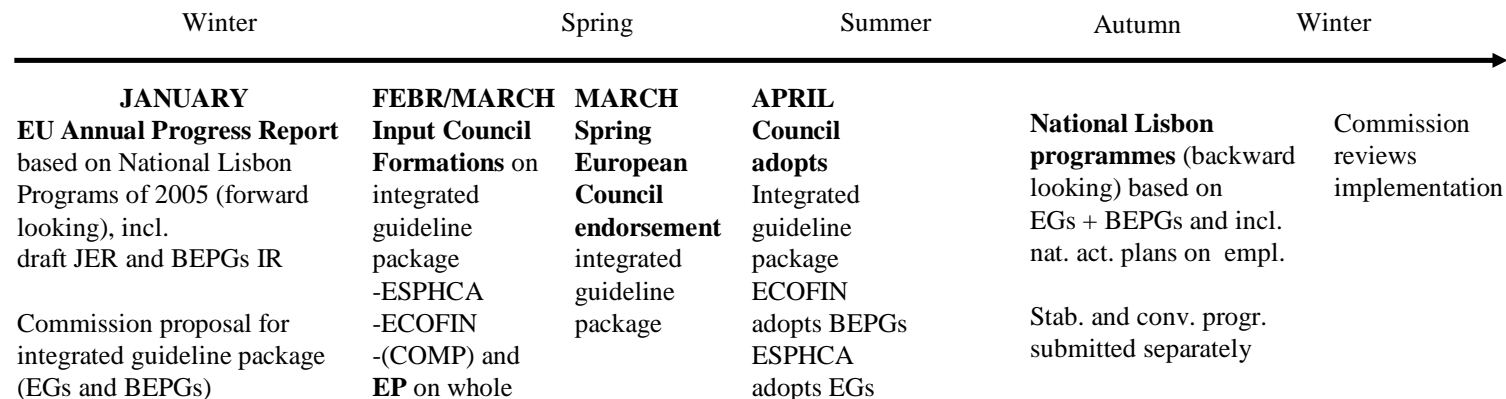


Existing cycle of economic and employment coordination 2003-2005

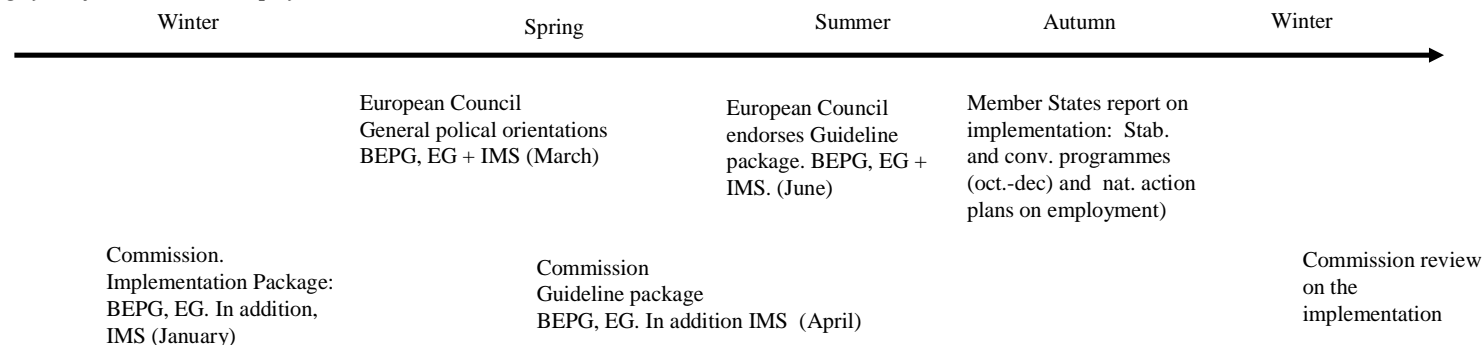


APPENDIX 4: PHASING IN (2006)

Proposal for year 2006



Existing cycle of economic and employment coordination 2003-2005



APPENDIX 5: PHASING IN (2007)

Proposal for year 2007

Winter	Spring	Summer	Autumn	Winter	
JANUARY EU Annual Progress Report based on National Lisbon Programs of 2006 incl. draft JER and BEPGs IR Commission proposal for integrated guideline package (EGs and BEPGs)	FEBR/MARCH Input Council Formations on integrated guideline package -ESPHCA -ECOFIN -(COMP) and EP on whole package	MARCH Spring European Council endorsement integrated guideline package	APRIL Council adopts Integrated guideline package ECOFIN adopts BEPGs ESPHCA adopts EGs	National Lisbon programmes (<u>forward</u> <u>and backward looking</u>) based on EGs + BEPGs and incl. nat. act. plans on empl. Stab. and conv. progr. submitted separately	Commission reviews implementati

Existing cycle of economic and employment coordination 2003-2005

Winter	Spring	Summer	Autumn	Winter
Commission. Implementation Package: BEPG, EG. In addition, IMS (January)	European Council General polical orientations BEPG, EG + IMS (March)	European Council endorses Guideline package. BEPG, EG + IMS. (June)	Member States report on implementation: Stab. and conv. programmes (oct.-dec) and nat. action plans on employment)	Commisior on the implementat

APPENDIX 6: PHASING IN (2008)

Proposal for year 2008

Winter	Spring		Summer	Autumn	Winter
JANUARY First EU Strategic Report based on National Lisbon Programs of 2007 incl. draft JER and BEPGs IR Commission proposal for integrated guideline package (EGs and BEPGs)	FEBR/MARCH Input Council Formations on integrated guideline package -ESPHCA -ECOFIN -(COMP) and EP on whole package	MARCH Spring European Council endorsement integrated guideline package	APRIL Council adopts Integrated guideline package ECOFIN adopts BEPGs ESPHCA Adopts EGs	National Lisbon programmes (<u>forward</u> <u>and backward looking</u>) based on EGs + BEPGs and incl. nat. act. plans on empl. Stab. and conv. progr. submitted separately	Co rev im

Existing cycle of economic and employment coordination 2003-2005

Winter	Spring	Summer	Autumn	Winter
Commission. Implementation Package: BEPG, EG. In addition, IMS (January)	European Council General polical orientations BEPG, EG + IMS (March)	European Council endorses Guideline package. BEPG, EG + IMS. (June)	Member States report on implementation: Stab. and conv. programmes (oct.-dec) and nat. action plans on employment)	
	Commission Guideline package BEPG, EG. In addition IMS (April)			