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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE  
EUROPEAN PARLIAMENT**

**On the review of the Sustainable Development Strategy**

**A platform for action**

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(Text with EEA relevance)

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## **Review of the EU Sustainable Development Strategy**

Europeans value *quality of life*. They want to enjoy prosperity, a clean environment, good health, social protection and equity. They want this not only for themselves but for their children and grandchildren. In the face of a rapidly changing world – a world in which the pace of change can seriously challenge the capacity of the economy, the social fabric and nature to adjust - Europe needs to modernise and keep at the forefront of change. The challenge is to maintain a momentum that mutually reinforces economic growth, social welfare and environment protection.

This challenge and the imperative for change were recognised by the European Council in Gothenburg in 2001 with the adoption of the Sustainable Development Strategy to which an external dimension was added in 2002 at the European Council in Barcelona. The principles and objectives of sustainable development – economic prosperity, social equity, environment protection and international responsibilities- were reaffirmed by the European Council in June 2005 when they adopted guiding principles for sustainable development and figured centrally in the discussions of European Heads of State at Hampton Court in October 2005.

Europe has made a good start in applying these principles of sustainable development. Important initiatives have been taken in the renewed Lisbon process, in the social sphere and in the pursuit of environment protection. However, the rapid pace of change requires the stepping up of efforts to keep Europe on a sustainable path. With a strengthened commitment to growth and jobs, combined with a determination to preserve and protect Europe's social and natural heritage, to exploit knowledge, to foster innovation, to approach policy development in an integrated way and to provide financial means, it can be done.

Governments will always be an important part of the solution as they set the framework within which citizens and businesses take decisions. But, sustainable development cannot only be about what governments can do. All stakeholders, businesses and citizens in particular, need to be empowered and encouraged to come up with new and innovative ways to address the challenges and seize the opportunities. Europe cannot address all these challenges alone, and has shown determination to work with international partners on global issues and in a global perspective.

### **1. A FRAMEWORK FOR ACTION**

Sustainable development is the overarching long term goal of the European Union set out in the Treaty. The European Council set out a strategy in 2001 for moving toward this goal. Since then, ambitions have been translated into policy initiatives which in turn are bringing results on the ground.

The framework for action is in place. On the economic side, the renewed Lisbon strategy is the motor for growth and jobs. It will help the EU adapt to the challenges of global competition and an ageing population. A stronger European economy is vital to and part of sustainable development; it will help generate the means to invest, for example in a cleaner environment, in better education and health care and in social protection. In turn, more sustainable use of natural resources and increased social justice are critical to our economic success.

Recognising these linkages, the EU is exploiting the mutually reinforcing elements of economic, social and environment policy. The Commission now undertakes impact assessments for all major policy proposals to assess their contribution to sustainability. The reform of the agricultural and fisheries policy, the reinforcement of rural development policy as well as the modernisation of cohesion policy reflects this commitment to integrated policy making. The EU has put a policy framework in place to combat climate change, including an ambitious emission trading system for CO<sub>2</sub> to encourage industrial plants to reduce their emissions at least cost.

Several cross-cutting and thematic strategies and action plans<sup>1</sup>, often accompanied by specific targets and milestones have been adopted. These include joint efforts across a wide range of areas, for example, to improve security, public health, enhance social inclusion, strengthen cohesion and to halt the loss of biodiversity, improve soil, water and air quality. Member States and local and regional governments have also acted across the board, for example to address social exclusion, to prepare for the impact of an ageing society, reduce greenhouse gas emissions and improve the quality of local public transport.<sup>2</sup>

This review takes account of these achievements and sets out further concrete actions for the coming years. It is the culmination of a review process launched in early 2005 which has three closely related elements, forming a package:

- a Commission Communication adopted in February 2005, taking stock of progress and proposing first orientations,
- Guiding Principles adopted in June 2005 by the European Council,
- this Communication focusing on implementation and actions.

In developing this package, the Commission has consulted widely and listened to the Council and Parliament, Member States, NGO's, citizens and stakeholders<sup>3</sup>. The main lessons from this dialogue are that the reviewed Strategy needs a stronger focus, a clearer division of responsibilities, wider ownership and broader support, a stronger integration of the international dimension and more effective implementation and monitoring.

The objective of this review **is not to replace but to further develop** the Sustainable Development Strategy. It is committed to ensuring that links between European policy initiatives are exploited and tradeoffs assessed to achieve sustainability objectives. The review

- Identifies key issues where a stronger impetus is needed in coming years
- Suggests that the external dimension of sustainable development (e.g. global resource use, international development concerns) be factored into internal policy making and that the impact of European policy choices on global sustainable development be more consistently assessed

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<sup>1</sup> A broad overview of the different EU strategies and action plans that work in support of sustainable development is provided at Annex II.

<sup>2</sup> Key examples of progress achieved have been set out in the Commissions Communication of February 2005 COM (2005) 37. See also the December 2005 Eurostat publication on Sustainable Development Indicators.

<sup>3</sup> Commission Communication of February 2005 COM (2005) 37. The Commission received more than 1100 contributions during the consultations.

- Proposes ways to measure progress and regularly review priorities, with a view to facilitating greater coherence between Member State and EU strategies
- Recommends a continuous dialogue with the people and organisations - business leaders, regional and local authorities, NGOs, academia, and citizens organisations - who are engaged and committed to making change happen

## 2. MAKING THE CHANGE: FOCUSING ON KEY ISSUES

This Review highlights a number of key issues which need a strong push at the highest political level to engage the public, speed up decision-making and action at all levels, encourage more ‘joined up’ thinking and accelerate the uptake of new and better ideas. It recognises the need to check on progress regularly and makes suggestions as to how to do that.

In moving ahead on the specific issues, a number of cross cutting factors need to be taken into account. Trends are inter-linked and therefore it is necessary to continue to examine sector policies in the round, in an integrated framework. The fight against *climate change*, for example, is multi-faceted, with both energy and transport policies having a key role to play in reduction of green house gas emissions. Climate change has social impacts, for example because severe climate events, such as flooding and drought, often disproportionately affect the weakest regions and parts of the population. Europe is already exploiting the positive linkages across policy areas. Action on sustainable energy is being taken with a view to enhancing security of energy supply, reducing climate change and local air pollution, poverty and improving security, while promoting rural and local development. There are nonetheless trade-offs. Some policies engender adjustment costs and ways need to be found to balance tradeoffs in an optimal manner.

Effective responses require international co-operation and solidarity. The EU is committed to poverty alleviation in developing countries and is working closely with the United Nations in moving towards the achievement of the Millennium Development Goals. It is engaged in a range of multilateral efforts, for example, in working with others to meet commitments on biodiversity, fish stocks, energy and water agreed at the World Summit on Sustainable Development, and in combating climate change. The EU will use its influence to bring more nations behind an ambitious sustainable development agenda. It will also use its own instruments, such as trade and co-operation agreements, to drive change and will factor the external dimension into its internal policy making.

The EU and Member States need to continue to invest in research and technology to find new cost effective and resource efficient ways of production and consumption. By harnessing new technologies - IT and communication tools, alternative energy generation, low environmental impact products and processes, new fuels and transport technologies – Europe can make a break through in resource efficiency which has the potential to drive growth along a sustainable path.

Education plays a key role in facilitating the changes that are part of sustainable development. It ensures that people have the skills to adapt to global change, that knowledge is spread and that stakeholders become engaged in change.

## 2.1. Climate change and clean energy

Climate change is happening. It cannot be prevented but it can be contained at acceptable levels and its negative impacts can be significantly decreased. It is a global problem that demands global solutions. More effort is needed to reduce greenhouse gas emissions, not only in the EU but by other major emitting countries and emerging economies. It is also essential that the EU adapts to climate change and helps developing countries in particular to do likewise.

The necessary changes will affect some groups, sectors or countries more than others. Developing mechanisms to help those more seriously affected and to motivate all international partners to implement active climate change policies is important.

Reducing climate change provides important social and economic opportunities and will help reduce other unsustainable trends. Changing our patterns of energy use could, for example, save the EU at least 20% of its present energy consumption cost-effectively - a saving equivalent to the combined energy consumption of Germany and Finland. The EU is well endowed with renewable sources of energy- wind, solar, biomass, wave, hydro, geothermal- and has the technologies to use these to meet a far greater proportion of its demand for heat, electricity and fuel.

Beyond the obvious economic returns, experience shows that measures to reduce climate change and exploit the EU's own potential for efficiency and renewable energy have many other knock on benefits - increased security of supply, reduced emissions of other pollutants, local development and quality employment. It also helps the EU maintain a leading position in innovative technologies, at a time when strong competition is developing in these areas. Moreover, the EU is also well placed to assist developing countries achieve economic growth using least polluting technologies, for example through the Clean Development Mechanism under the Kyoto Protocol, which enables the transfer of these technologies to developing countries. The potential is there. It needs to be exploited.

### **Key actions:**

- The EU will seek commitments to cut greenhouse gas emissions further, beyond the end of existing commitments in 2012, by developing proposals and working towards broader international agreements that cover all greenhouse gases and sectors, encourage innovation and include measures for adaptation. The EU emissions trading scheme could serve as an example for an international carbon market.
- The EU will develop future climate policy through the second phase of the European Climate Change Programme, working with stakeholders to develop new actions to systematically exploit cost-effective options, covering for example cars, aviation, technology development and adaptation. The EU and Member States will review the EU Emissions Trading Scheme with a view to further developing it and consider its extension to other greenhouse gases and sectors, such as aviation.
- At their informal meeting in Hampton Court in November 2005 the Heads of State and Government agreed to ask the Commission to develop a re-invigorated sustainable, secure

and competitive European energy policy. The Commission is developing major initiatives on biomass<sup>4</sup> and biofuels in 2006. It will also launch a debate in 2006 on EU policy on renewable energy up to 2020, including on the share of the energy mix from renewable sources. This would provide a clear target for all actors involved, providing the certainty sought by business and investors. The EU will continue to promote the use of renewable energies worldwide.

- The Commission will propose an action plan on energy efficiency to realise the estimated 20% cost effective savings potential. A strong push is needed on energy savings in buildings, to go beyond the current laws on energy performance in buildings to help households in particular. The Commission will work with Member States using structural funds to realise energy efficiency goals, and in particular with those Member States with the greatest potential for improvement.

## 2.2. Public health

Health is a global issue. Diseases spread quickly across continents. Europe needs to increase its capacity to fight cross-border health threats. EU efforts have to be accompanied by effective action in neighbouring countries and at global level. Fighting health threats requires rapid and effective response and functioning health systems, management, technology and infrastructure capability. One Member State's incapacity to react could put the whole EU at risk. Bridging health inequalities across the EU is therefore crucial.

The EU also has an obligation to support international efforts to improve health care. Currently 40 million globally suffer from HIV/Aids. 24 million people have died, 5 million of them children. Malaria kills more than a million people every year – mostly children in Sub-Saharan Africa. The growing antibiotic resistant strains of bacteria remain a serious problem.

Health promotion and disease prevention (by addressing health determinants at the appropriate level) will reduce the economic and social burden of illness in the long-term. In addition, better knowledge of the effects of pollutants on health, will also facilitate improved preventive and planning measures

### Key actions:

For the EU and its Member States to:

- upgrade their action plans on handling health threats (in preparation for a possible pandemic, taking account of the recently updated guidance on pandemic influenza preparedness).
- agree and implement an EU Strategy to address HIV/ AIDS, including by taking steps to improve surveillance and strengthen co-operation between Member States. For third countries, efforts need to be stepped up to implement the existing EU Programme for Action to confront HIV/AIDS, Tuberculosis and Malaria.
- coordinate research into the links between environmental pollutants, exposure and health impacts to improve our understanding of what environmental factors cause health problems and how best to prevent them

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<sup>4</sup> Add reference to COM (when adopted Dec. 2005) 628.

### 2.3. Social exclusion, demography and migration

Tackling poverty and social exclusion in the EU is not just about increasing low incomes. It is about promoting access to employment, housing, mobility, health care, communication and information services and above all education and skills training. A significant share of the EU population (15%) is at risk of poverty. Childhood poverty is a particular concern. As discussed at the informal Heads of State and Government meeting at Hampton Court, the fight against social exclusion has to be given urgent attention.

The EU not only faces economic but also significant social challenges as a result of its **ageing society**. Ageing of the population will accelerate until 2040, which, coupled with a drop in fertility rates, will cause the working population to contract. In fact, lower fertility together with rising life expectancy could mean that, by 2050, there will be two people of working age to support each elderly person, compared to four people today. These trends could also reduce growth rates.

Governments need to prepare Europe's economy and society for the ageing of many of our societies. Boosting productivity and employment participation, in particular that of older workers and women, is necessary to maintain our capacity for sustained economic growth. Modernisation of Europe's social protection systems, notably in the areas of pensions and long-term care, is key as is the promotion of active and healthy ageing. More family-friendly policies are needed. Effective management of migration flows, including the positive integration of migrants and their families is essential. This also highlights the need to invest more and better in human capital from a lifecycle perspective to maintain the employability of workers. This includes the implementation of effective lifelong learning strategies by Member States.

#### Key Actions:

- In response to the discussions of heads of state and government at Hampton Court in October 2005, the Commission will present a communication in early 2006 which will look at ways in which the EU can help Member States respond to the demographic challenges it faces, notably by promoting active ageing strategies, the integration of immigrants and better conditions for families. It will consult social partners on whether to propose new initiatives to support reconciliation of work and private life.
- The Commission proposes a European Year of combating poverty and social exclusion. A roadmap for equality between women and men will be presented in 2006, to help achieve gender equality and help address the EU's demographic challenge. The EU supports the efforts of Member States to modernise social protection systems to ensure their sustainability.
- The EU and its Member States should continue to develop an EU policy on legal migration, strengthen the integration of migrants and their families and fight illegal immigration. The Commission has proposed support to Member States integration measures through a European Fund for the integration of Third Country Nationals for 2007-2013. It has issued a policy plan on legal migration, including admission procedures. It will also propose a common policy framework to fight illegal immigration in 2006.

## 2.4. Management of natural resources

We rely heavily on flows of natural resources – for raw materials, food, energy and land - and on natural processes to “absorb” the increasing waste produced by a growing human population, now of some six billion. The UN’s 2005 Millennium Ecosystem Assessment suggests that two-thirds of the ecosystem services, on which humans depend, are in decline. Europe’s demands on the planet have risen by almost 70 per cent since the early 1960’s. Europeans are estimated to use 4.9 hectares of productive land on average per person to support their lifestyles (compared to 9.5 for the USA and 1.5 for China), whereas the global average is 1.8 hectares.

Certain land and sea use patterns have led to increased traffic congestion, energy use and pollution, increased risk from flooding and loss of landscapes, habitats, and biodiversity<sup>5</sup>. Global patterns of resource use are of concern as they are reducing the earth’s regenerative capacity and the services that nature provides. The loss of bio-diversity, prompted in part by climate change, has economic impacts, including on tourism and sectors such as agriculture that are dependent on ecosystem services (pollination, soil fertility, water availability and quality) or other sectors that use biological information as a source of innovation.

By taking a lead in finding innovative solutions to a better management of resources, the EU can promote a more resource efficient economy and position itself as a world leader in eco-efficient technologies. There is a growing realisation- not least among business- of the scale of opportunity to be seized in investing in eco-innovation. The market for sustainable products and processes will have to grow to meet the demands of a fast growing global ‘middle’ class, for consumer goods and services alongside environmental quality. A coordinated approach, anticipating the need to shift to more sustainable production and consumption process, will provide Europe with a competitive edge.

Governments have a major role in ensuring success, by providing a predictable, long-term regulatory framework that rewards eco-innovation to support businesses now looking to develop sustainable activities. Public authorities have the purchasing power to generate momentum for change. In the EU, for example, public bodies (such as local authorities, schools, hospitals) buy EURO 1600 billion worth of products and services each year – 16% of our GDP. This can be used to create the critical mass needed for the market success of sustainable technologies.

### **Key actions:**

- Member States should, together with the Commission, exchange experiences and best practice on shifting taxation from labour to consumption and /or pollution in a revenue-neutral way, to contribute to the EU goals of increasing employment and of protecting the environment. In addition, Member States should make more effective use of their considerable procurement power to support the uptake of innovative, more energy-efficient and cleaner applications. The Commission will propose a directive on public procurement of green vehicles.

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<sup>5</sup> The European Environment Agency’s 2005 report on the State of the Environment recognises that over the past 30 years important progress has been made. However, the environmental situation in many aspects remains unsustainable. This can only be addressed through more effective integration of environmental concerns into other policy areas.

- The EU will work with Member States and stakeholders to promote eco-innovation and to expand the market for eco-technologies. Member States should implement their roadmaps for environmental technologies. In the context of the 7<sup>th</sup> Research framework programme, the EU will provide funding to catalyse actions and drive forward research and technology development in key areas including hydrogen and fuel cells.
- The Commission will draw up an action plan to promote sustainable production and consumption, building on ongoing initiatives and instruments such as resource and waste policies, integrated product policy and standards, environmental management schemes and innovation and technology policies, to reinforce their impact, address any gaps and ensure their contribution to global initiatives
- The EU and Member States should ensure sufficient funding and management of the Natura 2000 network of protected areas, and better integrate biodiversity concerns into internal and external policies to halt the loss of biodiversity.

## 2.5. Sustainable transport

The availability of affordable transport has benefited us all. But we have also suffered from downsides such as congestion, health impacts and environmental degradation. As the economy grows, so has transport demand. High growth means that despite significant improvements in vehicle performance, negative impacts are rising and current trends are unsustainable.

The benefits of mobility can be provided with much lower economic, social and environmental impacts. This can be done by reducing the need for transport (e.g. by changing land-use, promoting telecommuting and videoconferencing), making better use of infrastructure and of vehicles, changing modes, for example to use rail instead of road, cycling and walking for short distances and developing public transport, using cleaner vehicles and developing alternatives to oil such as bio-fuels and hydrogen powered vehicles.

The benefits of more sustainable transport are wide ranging and significant: tackling congestion thereby cutting costs to businesses, saving people time and improving access for regional and local development, reducing climate change and biodiversity impacts, increasing security of energy supply by reducing oil dependence; improving the local environment and reducing impacts on health, in particular in urban areas.

### Key actions:

- The EU and its Member States should focus on making alternatives to road transport a more attractive option for freight and passengers, including by developing the Trans-European Networks and intermodal links for freight logistics, to allow goods to shift easily between road, rail, and water transport. This will be the subject of a major political debate in the second half of 2006.
- The European Commission will continue to examine the use of infrastructure charging in the EU, drawing on successful local congestion charging schemes, EU-wide infrastructure charging for lorries and new opportunities arising with new satellite, information and communication technologies.
- The Commission will propose a package of measures to improve the environmental

performance of cars by promoting clean and energy efficient vehicles including a Directive on the procurement of such vehicles, new vehicle standards, and increasing the use of biofuels. It has already proposed that Member States differentiate taxes on passenger cars according to CO<sub>2</sub> emissions.

## **2.6. Global poverty and development challenges**

The global threats to sustainable development are all interconnected. Poverty, environmental degradation and conflict feed each other. More than one billion people live on less than one dollar a day and 2.7 billion live on less than two dollars. 2.6 billion people - over 40 per cent of the world's population - do not have basic sanitation, and more than one billion still use unsafe sources of drinking water. Not only is poverty and inequality unjust but they are a threat to world development, long term prosperity, peace and security. Globalisation means that our collective prosperity and security depend critically on success in fighting poverty.

Action is needed at all levels – by the EU bilaterally as well as multilaterally, and in an integrated way. The EU reaffirmed its commitment to global sustainable development at the UN World Summit in September 2005, by implementing actions from of the World Summit on Sustainable Development, working towards achieving the Millennium Development Goals, and pursuing the Doha Development Agenda. To meet global challenges, the EU has to make sure that its internal and external policies work well together for maximum impact.

The EU is at the forefront of international efforts to eradicate poverty. It provides over half of the world's aid and has committed to further increase this assistance, both in quality and quantity. It has recently adopted a “European Consensus on Development”, setting a common vision and means for development.

### **Key Actions:**

- The EU and its Member States should increase their volume of aid to 0.7 % of Gross National Income (GDI) in 2015 achieving an intermediate target of 0.56 % in 2010 with individual objectives of 0.51 % for the EU 15 and 0.17 % for the EU 10.
- The EU and its Member States should increase the effectiveness, coherence and quality of their aid policies in the period 2005 – 2010 by greater co-ordination between Member States, the development of a Common EU Programming framework; using more joint actions and co- financing of projects, increasing coherence between development and other policies. They should increase the quality of aid through effective budget support, debt reduction and untying of aid.
- The EU will advocate the improvement of international environmental governance, inter alia through the creation of a UN Environmental Organisation and strengthening of multilateral environmental agreements. It will step up its efforts to ensure that international trade is used as a tool to achieve genuine global sustainable development, both in socio-economic and environmental terms. It will do so both in a multilateral context (WTO, Doha Round) and as part of its regional and bilateral trade relations.

### **3. DELIVERING RESULTS**

#### **3.1. More effective follow-up**

There is a need for monitoring and follow-up. This can be done without creating new procedures or more paperwork. It will involve:

- submitting a progress report from the Commission every two years. It will draw on the set of sustainable development indicators, designed with the assistance of national experts, adopted by the Commission in February 2005<sup>6</sup>. A first report with the latest statistical information accompanies this Communication.
- the European Council and the European Parliament discussing progress, on the basis of the Commission's report, reviewing priorities and providing general orientations on sustainable development at least every two years.
- the European Economic and Social Committee and the Committee of the Regions playing an important role in building stronger support for action, for example, through the organisation of regular stakeholder discussions and through acting as a catalyst to stimulate debate at national level as well.
- the European Commission launching a review of the Sustainable Development Strategy during 2009, involving a process of wide stakeholder consultation.

In addition, all Member States have developed their own national sustainable development strategies, or are close to finalising them; many of them report regularly on progress made. However, the opportunity to learn from each other, to identify what has worked well and where the pitfalls are, has not so far been fully exploited. The different national strategies and the European Strategy should as far as possible be mutually reinforcing so that the whole can become more than the sum of its parts.

It is therefore proposed that Member States:

- Review their national strategies as appropriate, in the light of the European Union's Strategy and publish them by no later than the end of 2006. Member States are encouraged to review, in particular, how the use of their national policy instruments (see section 5.1) could be made more effective and better integrated with actions taken or proposed at European level;
- On the basis of the reviewed national strategies, undertake a light peer review process, focusing on specific themes, and in particular, seeking to identify examples of good policies and practices that could be implemented by all. The peer review could include an external evaluation dimension possibly with support from the network of national sustainable development advisory councils and involvement of third countries. A first pilot review, under the guidance of the Presidency, and with the assistance of the Commission, involving Member States who wish to volunteer, could be conducted during 2006.

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<sup>6</sup> SEC (2005)161.

- Consider, where these do not yet exist, the setting up of independent advisory councils on sustainable development to stimulate informed debate and contribute to national and EU progress reviews.

The Commission invites Candidate countries to complete their national strategies and align their reforms with the EU Sustainable Development Strategy. The Commission will take this into account in its progress reports.

The EU strategy for sustainable development should feed into the international processes on sustainable development and help progress towards the Millennium Development Goals and the Johannesburg Plan of Implementation.

### 3.2. Better policy making

#### **Improving policy coherence: impact assessment and other better regulation tools.**

The tools to help policy-makers to identify the right approach exist and effective impact assessment should be applied from the earliest stages of policy development. This enables policy-makers to identify the best options based on a balanced assessment of the likely economic, social and environmental impacts, the links and tradeoffs between them and taking account of the views of stakeholders. For example, impact assessments of trade proposals are an important way of integrating external impacts into EU decision-making. These all promote the integration of different policies leading to more coherent decisions and broader consideration about how to achieve more sustainable outcomes, exploiting win-wins, identifying and addressing knock-on effects and trade-offs in the EU and internationally.

#### **Key Actions:**

- All EU institutions should ensure that major policy decisions are based on proposals that have undergone impact assessments, consistent with the inter-institutional agreement on Better Law-making. The Commission will ensure that all of its major initiatives are subject to impact assessment and that completed Impact Assessments are made available to the public when decisions are made.
- Member States should also make much wider use of impact assessment when developing policies when spending public funds and developing strategies, programmes and projects. They should follow recommendations in the Community Strategic Guidelines to ensure Cohesion and Structural Funds strengthen synergies between environmental protection and growth.
- Impact assessment should be complemented by a wider use of evaluation to assess *ex-post* the impact of policies.
- The EU will take the external dimension into account looking at impacts of policy proposals.

#### **Using the most effective mix of instruments**

Governments and other public bodies have a wide range of tools by which they can encourage people to make changes - how they regulate, tax, procure, subsidise, invest, spend and provide information. The challenge is to achieve the right policy mix so that the use of instruments

and implementation of policies contribute to sustainable development. For instance, Member States should make the best use of structural funds to support sustainable development.

Perhaps the most powerful method to promote change is to ensure that markets send the right signals (“getting prices right”), thus providing a powerful incentive for people to change their behaviour and shape the market place accordingly. This can be done by making sure that all of us, producers and consumers alike, face the full costs and consequences of our decisions – when we are making those decisions. For example, this means building the cost imposed on others in society by “polluters” into the price of the product, as some Member States have already done (for example, through charges or green taxes). In this way, producers have an incentive to produce and consumers an incentive to consume more environmentally-friendly goods and services.

Sometimes governments can have an important impact simply by providing information to the public and businesses, to help them choose better options. Good examples exist of labelling and information services on the energy consumption and environmental performance of electrical goods, household products and services. Many public authorities across the EU have developed effective communication strategies to encourage citizens to sort waste for recycling purposes, to travel more sustainably or to save energy.

Education is a prerequisite for promoting behavioural change. The Commission will work to support Member States actions on education, investment in human capital and life long learning for sustainable development.

#### **Key Actions:**

- The EU will seek to use the full range of policy instruments, whilst promoting the use of market based instruments for the flexibility they offer in meeting sustainable development objectives. Member States should ensure that full use is made of the array of instruments at governments’ disposal and that any subsidies provided are used in a manner which is coherent with the objectives of sustainable development and in accordance with the Treaty.
- The Commission will mainstream sustainable development in its information and communication activities, for both internal and external EU policies.. The Commission will continue, together with other Community institutions, to organise events and stakeholder fora on the various strands of the strategy, to raise knowledge and awareness, disseminate new ideas and exchange best practice. Surveys<sup>7</sup> consistently show that Europeans’ awareness of sustainability issues is high. The challenge is to translate that awareness into more sustainable behaviour. Effective communication needs to be geared to national and local audiences, so Member States have a key role.

#### **Mobilising actors and multiplying success**

The EU and its Member States have a critical role to play, but they cannot - and should not - be the sole guardians of the sustainable development agenda. Other actors will need to take action; businesses, regional and local authorities, NGOs, social partners, universities and schools – and individual citizens and consumers. Progress will rely on the enormous creative and market power of business, and of regional and local bodies and authorities.

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<sup>7</sup> Refer to Eurobarometer.

More and more business leaders recognise that it pays to care about sustainable development. The most successful companies see that paying attention to sustainable development spurs investment in new technologies, processes and products which the customer wants<sup>8</sup>. They know that it makes good business sense to plan ahead and know where to invest for the future. They know there are opportunities if we have vision, for example by moving towards a low carbon economy. They know they can have influence on those from whom they source their inputs. They need however a stable regulatory framework for action.

Social partners also play a key role: active dialogue between employers and employees is important for tackling the social dimensions of sustainable development, such as work organisation, skills and training and equal opportunities.

In addition, many regional governments and municipalities have stepped up their efforts to find practical solutions to problems. As they are often the ones providing public services, from public transport to power generation, from waste collection to caring for the poor, they are well placed to effect practical change on the ground. There is major scope for learning from their successes. Good examples abound.

#### **Key Actions:**

The Commission:

- Calls on the business leaders and other key stakeholders of Europe to engage in urgent reflection with political leaders on the medium- and long-term policies needed for sustainability and propose ambitious business responses which go beyond existing minimum legal requirements. Such an initiative fits well with the Commission's efforts to encourage corporate social responsibility and complements the dialogue with social partners and civil society. The Commission will work with the Presidency to see how best to foster this process.
- Will invite proposals from other EU institutions and organisations on how best to organise ways to reward the best sustainable development initiatives taken by regional and local authorities

## **4. CONCLUSIONS**

There are real opportunities for a better life, greater social justice and the emergence of new innovative industries where Europe, with the right policies, can lead the world. However, we can only benefit from these opportunities if we deal now with the threats to sustainability resulting from our way of life. Success in reversing unsustainable trends is both indispensable and achievable, as plenty of success stories from around the world illustrate.

This review of the EU's Sustainable Development Strategy aims to bring the EU Institutions, Member States, businesses and citizens and their representative organisations together behind a clear vision and political framework for action. The Commission, therefore, invites the Council and the Parliament to endorse the proposed approach, to seek urgent progress on the

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<sup>8</sup> For example, many relevant studies have found evidence of a positive link between environmental governance and financial performance. The 50 companies rated best in terms of their corporate sustainability reports have a higher credit rating than the average.

actions identified, and to work closely together in the run-up to the 2006 June European Council to forge strong and broad-based support behind a shared strategy.