



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from : Presidency
to : Permanent Representatives Committee

Subject : *European Council (8 and 9 March 2007)*
– *Draft conclusions*

The Presidency submits herewith to COREPER a preliminary set of draft conclusions to be adopted by the European Council at its meeting on 8 and 9 March 2007.

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The meeting was preceded by an exposé given by the new President of the European Parliament, Mr Hans-Gert Pötering, followed by an exchange of views.



Europe – succeeding together:
For a competitive, social and environmentally-sustainable Europe

I. Lisbon Strategy for Growth and Jobs

1. The renewed Lisbon Strategy for Growth and Jobs is beginning to deliver results. It is contributing to the favourable overall economic upturn, as exemplified by the present economic forecasts: an expected growth rate of 2,4% in 2007 and expected positive developments on the labour markets with seven million new jobs created during the 2007/2008 period, leading to a potential increase in the employment rate from 63,75% in 2005 to 65,5% by 2008 and a falling unemployment rate. The positive developments in the economic, employment and social sectors are mutually reinforcing.
2. A promising start has been made in the implementation of Member States' National Reform programmes and of the Community Lisbon Programme presented in autumn 2005. Member States are making real efforts to push reforms forward, although the performance varies by Member State and policy areas covered.
3. Member States are determined to take full advantage of the improving overall economic situation to strengthen the momentum for reforms and thus to further improve Europe's global competitive position. In order to invigorate these efforts the European Council endorses country-specific recommendations for economic and employment policies for the Member States and the Euro Area.

4. The European Council emphasises the significance of exchanging best practices and calls for increased cooperation between Lisbon coordinators. A particular effort has to be made in order to improve communication with the general public, also to increase "ownership".

Growth- and stability-oriented financial and economic policy

5. Sound, well-balanced fiscal policies and further structural reforms are necessary to ensure the long-term success of the European Economic and Monetary Union.
6. Member States will continue their efforts to pursue structural reforms and to further consolidate their public budgets. The long-term sustainability of public finances should be safeguarded by further reforming pension- and health care systems, reducing public debt and raising both employment rates and productivity. The quality of public finances needs to be improved by raising efficiency and effectiveness of spending, by restructuring public expenditure in support of measures that promote productivity and innovation and by strengthening human capital with a view to raising the long-term growth potential of the economy.

Strengthening the Internal market and strengthening Europe's competitiveness

7. A well functioning Internal Market remains at the heart of the Lisbon Agenda for Growth and Jobs. Given the challenges and opportunities of globalisation, the European Council stresses the importance of further improving the functioning of the Internal Market in order to react to new economic realities. The European Council invites the Commission to submit an ambitious and comprehensive review of the Single Market in the second half of 2007 and asks the Council to proceed with its examination without delay.

8. Strengthening the Internal Market will reinforce the European Union's international competitiveness. The European Council underlines the importance of the Commission's initiative to give fresh impetus to the internal market of goods by strengthening mutual recognition and by eliminating in the harmonised area existing obstacles to trade and ensuring transparency. It asks the Council to decide swiftly on the proposed measures. The European Council stresses that further liberalisation of the postal markets, an efficient internal market for gas and electricity as well as further integration of the European financial markets will be important steps to achieve this objective. The legislative process on the reduction of roaming tariffs is expected to be concluded successfully by the end of the first semester 2007.
9. Clear and consistent EU rules are a prerequisite for a well functioning Internal Market as well as timely and correct transposition of Community legislation and effective application and enforcement of common rules. Member States have achieved important progress towards the 1,5% transposition deficit target. Member States will pursue their efforts with a view to reducing this transposition deficit to 1%, while stressing the importance of agreeing appropriate transposition deadlines.
10. The European Council stresses that an ambitious and balanced outcome of the Doha Round remains a top priority for the Union. Negotiations on the Doha round should be concluded as soon as possible in 2007. At the same time mandates for bilateral and regional Free Trade Agreements with major partners should be adopted rapidly and transatlantic economic cooperation be strengthened.
11. Further afield, the European Council underlines the importance of improving effective market access for European enterprises to fast- growing emerging markets. Protection of intellectual property rights and the fight against counterfeiting and product piracy must be stepped up internationally. The Commission is invited to take appropriate initiatives in order to develop and disseminate more speedily European standards to address the demands of rapidly evolving innovative and knowledge driven markets.

Strengthening innovation, research and education

12. Member States are determined to improve the framework conditions for innovation and to mobilise additional resources for research, development and innovation activities. The European Council stresses the need to optimise synergy among the Community programmes, to improve the transformation of research findings into innovative products and services and to ensure appropriate knowledge sharing between all stakeholders. It also invites the Commission to present recommendations for guidelines for cooperation and technology transfer between public research and industry and, as a matter of priority, to put forward its intellectual property rights (IPR) and patent strategies.
13. The European Council invites the Commission and underlines the determination of Member States to push forward the implementation of the innovation policy strategy. Investment in future technologies, for example information and communications- (ICT), nano- and health-technology, is an essential contribution to ensure Europe's competitiveness in lead markets. In this context, the Commission is invited to present proposals for Joint Technology Initiatives in selected sectors of strategic importance. It is also invited to present proposals for initiatives based on Article 169 in order to provide Community participation in RTD programmes (Research-Technology-Development) undertaken by several Member States with a view in both cases to launching the most advanced ones in 2007.
14. Education and training play a key role in boosting growth and jobs. Good progress has been made in implementing the "Education and Training 2010" work programme over the last 12 months. Member States are determined to pursue reforms and to fully implement the work programme.
15. The European Council asks the Council to pursue the thorough examination of the proposal on a European Institute of Technology in 2007 and to prepare a decision before the end of this year.

16. Environmental technologies and eco-innovation contribute to achieving the aims of the Lisbon Strategy for Growth and Jobs and to combating climate change. Member States are determined to promote eco-innovations through an ambitious approach, taking full advantage of lead markets in areas such as sustainable and safe low carbon technologies, renewable energies and energy and resource efficiency. The European Council invites the Commission to present, as appropriate, proposals for achieving an integrated strategy for the promotion of eco-innovation early in 2008.

Employment and developing the European Social Model

17. In view of the positive developments on the labour markets, the European Council stresses the importance of "good work" and its underlying principles, i.e. workers' rights and participation, equal opportunities, fair pay, safety and health protection at work and a family-friendly organisation of work.
18. The European Council takes note of the Joint employment report and the Joint Report on Social Protection and Social Inclusion. Minimum social standards at European level must be safeguarded. Member States are called upon to increase the exchange of best practices, especially with respect to flexicurity policies and concepts. The Commission's social reality stock taking report should provide further input for discussions on social issues.
19. Demographic change confronts Member States with a complex set of interrelated challenges. The establishment of an "Alliance for Families" will serve as a platform for the exchange of views and knowledge on family-friendly policies. Member States will further develop policies which promote the role of older people as active participants in the economy and the labour market, aiming at using their full potential to contribute to the economic and social development of our societies.

II. Better Regulation

20. Better Regulation remains a central element of the policy for strengthening competitiveness and supporting sustainable growth and employment. The European Council stresses that 2006 has seen good progress towards improving the regulatory environment, but it underlines as well that further efforts are required in order to consolidate and build on achievements so far.
21. The European Council invites the Commission to regularly update its **simplification programme**. It stresses the importance of achieving concrete results in this field whilst not compromising the political aims of regulation and respecting the *acquis communautaire*, and asks the Council to lend particular attention to simplification proposals which it considers to be priorities.
22. Substantial progress has been achieved in the area of **better legislation**. The evaluation of the Commission's impact assessment system will help identify further improvements, including through the enhanced consideration of aspects relevant for external competitiveness as part of the economic impact pillar. With a view to further improving the quality of the impact assessment system, the European Council sees the establishment of an "Impact Assessment Board" by the Commission as an important step. It supports the intention of the Commission to set up, as a pilot project, an independent expert committee to assist the Commission and Member States with the implementation of the Action Plan on the Reduction of Administrative Burden, in particular to identify input from stakeholders and provide advice on specific cases, reflecting all relevant economic, social and environmental effects. In spring 2008, the European Council will consider on the basis of a review by the Commission, whether further action is needed, taking into account different options, including an independent body due to advise the institutions on their work towards Better Regulation.

23. The European Council underlines that **reducing administrative burdens** is an important measure for boosting Europe's economy, especially through its impact on SMEs. A strong joint effort to reduce significantly administrative burdens within the EU is necessary. The European Council therefore agrees that administrative burdens arising from EU legislation should be reduced by 25% by 2012. Taking into account the different starting points the European Council invites Member States to set their own equally ambitious national targets within their spheres of competence by 2008.
24. The European Council accordingly invites the Commission to launch the Action Programme for Reducing Administrative Burdens on the basis proposed with the assistance of the Member States, agrees that the measurement of administrative costs of Community legislation should begin in the 13 priority areas proposed by the Commission, and calls on the Council and the European Parliament to give special priority to the measures for immediate action set out in the action programme, once the Commission has made the corresponding proposals, with a view to their adoption as soon as possible in 2007.
25. The European Council asks the Council to review the progress on all aspects of Better Regulation on a yearly basis.

Integrated energy and climate policy

Energy policy

In order to achieve the three central objectives of the EU's Energy policy – security of supply, competitiveness and environmental sustainability – the European Council will be invited to adopt the EU Energy Action Plan, which will be attached to the Conclusions, and to emphasise its key measures.

Climate protection

The European Council will be invited to call on the EU to take a leading role in international climate protection; and to develop and strengthen EU emission trading.

Foreign Relations (if necessary)

Current international issues where European Council discussion appears necessary.

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