



**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 revised 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 Pöttering, followed by an exchange of views.



Europe – succeeding together:

Europe is currently enjoying an economic upswing and reforms are starting to translate into growth and jobs. These positive developments should be used to step up the pace to modernize Europe and its economy, which will help the EU to achieve higher levels of prosperity, further job creation and greater social cohesion. Its challenge remains to prove that it is capable of shaping both its internal and external policy in accordance with its values in a globalised world to the benefit of the Union's citizens.

Building on the significant progress to date, the European Council calls on Member States and EU institutions to pursue actions with a particular emphasis on creating better framework conditions for innovation and greater investment in research and development, including the better regulation agenda to create a more dynamic business environment, underpinned by a sustainable European energy policy and an ambitious response to combat climate change.

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 just under 64% in 2005 to nearly 66% 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. It confirms the importance of a stronger sense of ownership by civil society, regions and local authorities, which are all key elements in the achievement of the objectives of the Strategy. In this context particular efforts should be made in order to improve communication.

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 and Europe's economy as a whole.
6. Member States will continue their efforts to pursue structural reforms and to further consolidate their public budgets in accordance with the revised Stability and Growth Pact. 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 takes note of the vision of the single market set out by the commission in its interim report and invites the Commission to submit an ambitious and comprehensive review of the Single Market in the second half of 2007. It asks the Council to proceed with its examination without delay.

8. Strengthening the four freedoms of 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. It asks the Council to decide swiftly on the proposed measures. The European Council stresses that a fully functioning internal market for gas and electricity, further integration of the European financial markets, in particular by removing obstacles to the creation of a Single Payment Area, as well as further liberalisation of the postal markets, which ensures the financing of an efficient universal service, will be important steps to achieve this objective. Every effort should be made to successfully conclude the legislative process on the reduction of roaming tariffs is by the end of the first half of 2007.

9. Clear and consistent EU rules are a prerequisite for a well functioning Internal Market as well as timely, correct and high-quality 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; the European Council urges them to pursue efforts to further reduce this deficit progressively to 1% by 2009 at the latest, while stressing the importance of agreeing appropriate transposition deadlines.

10. The European Council stresses the importance of the multilateral trading system and the need for an ambitious and balanced agreement on the Doha Development Agenda and calls on key partners to act in the same spirit of constructive commitment in order to bring the negotiations to a successful close. At the same time bilateral and regional Free Trade Agreements with major partners should be negotiated rapidly.
11. The European Council underlines the importance of transatlantic economic relations, which should be strengthened through a New Transatlantic Economic Partnership. This will focus on improving regulatory convergence, coordination of efforts to protect intellectual property rights and technological cooperation in the field of energy and environment with a view to increasing the international competitiveness of the EU and the USA.
12. 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

13. 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 partners. 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.

14. 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 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 and Technological Development) undertaken by several Member States with a view in both cases to launching the most advanced ones in 2007.
15. 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.
16. The European Council asks the Council and the European Parliament to conclude the thorough examination of the Commission proposal on a European Institute of Technology in the first semester of 2007 with a view to taking a decision before the end of this year.
17. 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

18. In view of the positive developments on Member States' labour markets, the European Council stresses the importance of "good work" and its underlying principles, i.e. workers' rights and participation, equal opportunities, safety and health protection at work and a family-friendly organisation of work as well as fair pay at national level. The European Council invites all actors to take into account different flexicurity pathways to find the right mix of policies tailored to labour market needs.

19. The European Council reaffirms the need to strengthen economic and social convergence throughout the Union and underlines the key role of social partners. Minimum social standards must be safeguarded. The European Council takes note of the Joint Employment Report and the Joint Report on Social Protection and Social Inclusion. In order to strengthen social cohesion, priority must be given to fight poverty and social exclusion, especially child poverty and to give all children equal opportunities. More attention should be given to ensuring adequate levels of minimum resources for all, balanced with making work pay (active inclusion). The Commission's social reality stock taking report should provide further input for discussions on social issues.

20. 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 as well as of good practices between Member States. Member States will further develop policies which promote the role of young people, women and 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

21. Better Regulation remains an important instrument contributing to 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.
22. 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.
23. 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. The European Council stresses the need of the Council and the European Parliament to make greater use of impact assessments. 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 a group of independent experts due to advise the institutions on their work towards Better Regulation.
24. 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 and traditions the European Council invites Member States to set their own ambitious national targets within their spheres of competence by 2008.

25. The European Council accordingly invites the Commission to launch the Action Programme for Reducing Administrative Burdens with the assistance of the Member States, agrees that the measurement of administrative costs of Community legislation should begin in the 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. 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.
26. The European Council asks the Council to review the progress on all aspects of Better Regulation on a yearly basis.

III. An 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.