



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from : Presidency
to : Permanent Representatives Committee/Council

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.

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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 modernise Europe and its economy, thus helping the EU to achieve higher levels of prosperity, further job creation and greater social cohesion. The Union is determined to shape 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 in implementing the aims of the renewed Lisbon Strategy for Growth and Jobs to date and in order to face the most pressing challenges, the European Council calls on Member States and EU institutions to pursue actions to

- strengthen the internal market and competitiveness, create better framework conditions for innovation and greater investment in research and development, boost quality employment and improve social cohesion,
- enhance the better regulation agenda to create a more dynamic business environment,
- develop a sustainable integrated European energy and climate policy.

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 2,7% 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. To enable the preparation of the next three year cycle of the renewed Lisbon-Strategy, Member States' implementation reports and the Commission proposal for revised Integrated Guidelines should be presented in a timely fashion in 2007.
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, social partners, regions and local authorities, which are all key elements in the achievement of the objectives of the Strategy. In this context further efforts should be made in order to improve communication. The European Council underlines the conclusion of the Tripartite Social Summit of 8 March 2007 regarding the key role of social partners and the necessity of their ongoing and active contribution towards the Lisbon objectives.

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 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. In this respect, the European Council recalls the importance of strengthening consumer and business confidence in the Internal Market. 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 as early as possible in the second half of 2007. It asks the Council to proceed with its examination without delay. Particular attention should be given to stimulating the potential of SMEs, including in the cultural and creative sectors, in view of their role as drivers of growth, job creation and innovation.

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 improving its functioning in the harmonised area, while guaranteeing a high level of safety and consumer protection. It asks the Council to decide swiftly on the proposed measures. The recently adopted Services Directive is a key tool for unlocking the full potential of the European services sector. High priority should be placed on the complete, coherent and timely transposition of its provisions in a consistent manner. The European Council stresses that a fully functioning and interconnected 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, while ensuring 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 considers that maintaining and strengthening the multilateral trade system based on the WTO is of paramount importance for growth and employment perspectives of the European economy as well as for development. It stresses the need for an ambitious, balanced and comprehensive 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, building on the platform of the WTO, bilateral and regional Free Trade Agreements with major partners should be negotiated rapidly.

11. In view of the US-EU summit in April 2007 the European Council underlines the importance of transatlantic economic relations, which should be strengthened through a New Transatlantic Economic Partnership, enhancing the commitment to the economic initiative launched at the 2005 summit. This will focus on improving regulatory convergence in various areas, 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 in particular. 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. It is also invited to examine, together with Member States, how multilateral discipline in relation to state aids can be strengthened and further developed within the context of external competitiveness.

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 reiterates the importance of spending 3% of GDP on research and development by 2010. It 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 the 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. The European Council underlines the vital importance of excellent human resources and the fostering of "brain circulation". It stresses the important role that the newly founded European Research Council has to play in this respect.
15. Education and training are prerequisites for a well-functioning knowledge triangle (education - research - innovation) and 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, in particular by modernising higher education, ensuring high quality and attractive vocational education and training and implementing national lifelong learning strategies.
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, including 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 proposals for achieving an integrated strategy for the promotion of eco-innovation early in 2008.

Boosting employment and modernizing 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, a family-friendly organisation of work, and making work pay. 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. A reinforced lifecycle approach to work is also necessary to improve access to the labour market as well as to promote a longer working life and professional mobility over the lifecycle.

19. The European Council reaffirms the need to strengthen economic and social convergence throughout the Union and underlines the key role of social partners. The European Council highlights the importance of the social dimension for the EU. In order to ensure the continuing support of European integration by the Union's citizens, it stresses that the common social objectives of Member States should be better taken into account within the Lisbon agenda. In this context the European Council welcomes the Joint Employment Report and the Joint Report on Social Protection and Social Inclusion. In order to strengthen social cohesion, the European Council stresses the need to fight poverty and social exclusion, especially child poverty and to give all children equal opportunities. More attention should be given to active inclusion, i.e. ensuring adequate levels of minimum resources for all, balanced with making work pay. 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 continue to further develop policies which promote the role of young people, women and older people and low-skilled 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 and welcomes the Commission's Action Programme for Reducing Administrative Burdens in the EU. It underlines 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

27. The challenges of climate change need to be tackled effectively and urgently. Recent studies on this subject have contributed to a growing awareness and knowledge of the long-term consequences, including for global economic development and have stressed the need for decisive and immediate action. The European Council underlines the vital importance of achieving the strategic objective of limiting the global average temperature increase to not more than 2° C above pre-industrial levels.

28. Given that energy production and use are the main sources for green house gas emissions, an **integrated approach** to energy and climate policy is needed to realise this objective. Integration should be achieved in a mutually supportive way. With this in mind, the Energy Policy for Europe (EPE), while fully respecting Member States' choice of energy mix and sovereignty over primary energy sources, will pursue the three objectives of
- increasing security of supply;
 - ensuring the competitiveness of European economies and the availability of affordable energy;
 - promoting environmental sustainability and combating of climate change.

Climate protection

29. The European Council underlines the leading role of the EU in international climate protection. It stresses that international collective action will be critical in driving an effective, efficient and equitable response on the scale required to face climate change challenges. To this end negotiations on a global and comprehensive post-2012 agreement, which should build upon and broaden the Kyoto Protocol architecture and provide a fair and flexible framework for the widest possible participation, need to be launched at the UN international climate conference beginning at the end of 2007. In this connection, the European Council endorses the elements identified by the Council (Environment) of 20 February 2007 as essential parts of an effective and appropriate framework beyond 2012.
30. The European Council reaffirms that absolute emission reduction commitments are the backbone of a global carbon market. Developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990. They should do so also with a view to collectively reducing their emissions by 60% to 80% by 2050 compared to 1990.

31. In this context, the European Council endorses an EU objective of a 30% reduction in greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries to adequately contribute according to their responsibilities and respective capabilities. It invites these countries to come forward with proposals for their contributions to the post-2012 agreement.
32. The European Council emphasises that the EU is committed to transforming Europe into a highly energy-efficient and low greenhouse-gas-emitting economy and decides that, until a global and comprehensive post-2012 agreement is concluded, and without prejudice to its position in international negotiations, the EU makes a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990.
33. The European Council decides that a differentiated approach to the contributions of the Member States is needed reflecting fairness and transparency as well as taking into account national circumstances and the relevant base years for the first commitment period of the Kyoto Protocol. It recognises that the implementation of these targets will be based on Community policies and on an agreed internal burden-sharing and invites the Commission to start immediately, in close cooperation with the Member States, a technical analysis of criteria, including socio-economic parameters and other relevant and comparable parameters, to form the basis for further in-depth discussion.
34. The European Council notes the increasing share of greenhouse gas emissions from developing countries and the need for these countries to address the increase in these emissions by reducing the emission intensity of their economic development, in line with the general principle of common but differentiated responsibilities and respective capabilities. The European Council stands ready to continue and further strengthen its support for developing countries in lessening their vulnerability and adapting to climate change.

35. Given the central role of emission trading in the EU's long-term strategy for reducing greenhouse gas emissions, the European Council invites the Commission to review the EU Emissions Trading Scheme in good time with a view to increasing transparency and strengthening and broadening the scope of the scheme.

Energy Policy

36. Global warming, together with the need to ensure security of supply and enhance business competitiveness, make it ever more vital and pressing for the EU to put in place an integrated policy on energy combining action at the European and the Member States' level. As a milestone in the creation of an Energy Policy for Europe and a spring board for further action, the European Council adopts a comprehensive energy Action Plan for the period 2007-2009 (Annex XX), based on the Commission's Communication "An Energy Policy for Europe". The European Council notes that Member States' choice of energy mix may have effects on the energy situation in other Member States, in particular within the single gas and electricity markets.
37. The Action Plan sets out the way in which significant progress in the efficient operation of the EU's internal market for gas and electricity and a more interconnected and integrated market can be achieved. It envisages the nomination of EU coordinators for four priority projects of European interest. It also addresses the crucial issue of security of energy supply and the response to potential crises. It develops clear orientations for an effective European international energy policy speaking with a single voice. It fixes highly ambitious quantified targets on energy efficiency, renewable energies and the use of biofuels and calls for realising the energy saving potential as well as a European Strategic Energy Technology plan, including environmentally safe Carbon Capture and Sequestration, to be examined at the 2008 Spring European Council meeting.

38. The European Council calls on all parties concerned to press ahead rapidly and with determination in order to implement all of the elements contained in the Action Plan in line with its provisions and conditions. It invites, in particular, the Commission to submit the proposals requested in the Action Plan as speedily as possible.

Follow-up

39. In the light of the integrated approach to energy and climate policy the Energy Action Plan will be kept under regular review within the context of an annual examination by the European Council of the progress made and results achieved in implementing the EU's energy and climate change policies. The Commission is invited to put forward an updated Strategic Energy Review in 2009, which will serve as the basis for the new Energy Action Plan from 2010 onwards.
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EUROPEAN COUNCIL ACTION PLAN (2007 – 2009)

ENERGY POLICY FOR EUROPE (EPE)

The Action Plan comprises the following priority actions, some of which may contribute to more than one of the three objectives of the EPE. New measures should take into account the better regulation principles, notably as regards impact assessments.

I. Internal Market for Gas and Electricity

1. Taking note of the Commission's internal market report and the final report following the sector inquiry on the gas and electricity markets, with the aim of increasing competition, ensuring effective regulation and encouraging investment to benefit consumers, the European Council:
 - reaffirms that to achieve this aim the first step, to which it is committed, is to ensure timely and full implementation in letter and in spirit of existing Internal Market legislation relating to the opening up of the gas and electricity markets, since a truly competitive, interconnected and single Europe-wide internal energy market that will have major benefits for competitiveness and EU consumers as well as increasing security of supply has not yet been achieved;
 - notes the interaction between investment decisions and the development of the regulatory framework, and is therefore of the opinion that future measures affecting the internal market have to be designed and implemented in a way that provides a positive framework for much-needed investment;
 - invites the Commission to elaborate measures taking account of the characteristics of the gas and electricity sectors and of national and regional markets and ensuring, including through the development of existing legislation where possible:
 - effective separation of supply and production activities from network operations (unbundling), based on independently run and adequately regulated network operation systems which guarantee equal and open access to transport infrastructures and independence of decisions on investment in infrastructure;
 - further harmonisation of the powers and strengthening of the independence of national energy regulators;

- the establishment of an independent mechanism for national regulators to cooperate and take decisions on important cross-border issues;
- the creation of a new Community mechanism for Transmission System Operators to improve coordination of network operation and grid security building on existing cooperation practices;
- a more efficient and integrated system for cross-border electricity trade and grid operation, including elaboration of technical standards;
- the enhancement of competition and security of supply through facilitated integration of new power plants into the electricity grid in all Member States, in particular encouraging new market entrants;
- relevant investment signals contributing to the efficient and more secure operation of the transmission grid;
- increased transparency in energy market operations;
- better consumer protection, e.g. through the development of an Energy Customers' Charter.

Moreover, the European Council invites the Commission:

- to provide additional clarifications related to the key measures envisaged and their impacts in time for the June Council (Energy);
- to elaborate together with Member States the medium- and long-term forecasts for gas and electricity supply and demand, and to identify the additional investment required to satisfy EU strategic needs;
- to assess the impact of vertically integrated energy companies from third countries on the internal market and how to implement the principle of reciprocity;
- to assess access to gas storage in the EU.

2. Reaffirming the need for improved regional cross-border exchange and accelerating the development of regional energy cooperation while addressing the challenges of peripheral energy markets and facilitating the integration of regional ones into the EU internal market and its further development, notably through interconnection, taking into account the integration of on- and off-shore renewable energies, the European Council:

- welcomes, as a first step, the Commission's intention to appoint where necessary, in accordance with Article 10 of Decision 1364/2006/EC, European coordinators to accelerate the most critical priority projects of European interest ¹; it notes, however, that new projects are needed in order to achieve adequate interconnection in particular of isolated energy markets and asks the Member States concerned to achieve at least 10% of electricity and gas interconnection capacity by 2010.
- invites the Commission to table proposals aiming at streamlining approval procedures.

II. Security of Supply

3. In order to contribute to security of supply in a spirit of solidarity between Member States, notably in the event of an energy supply crisis, the European Council:

- underlines the need to enhance security of supply for the EU as a whole as well as for each Member State through:
 - effective diversification of energy sources and transport routes, which will also contribute to a more competitive internal energy market;
 - developing more effective crisis response mechanisms, on the basis of mutual co-operation and building notably on existing mechanisms, considering a wide range of options after careful assessment of existing means, taking into account the primary responsibility of Member States regarding their domestic demand, and making appropriate use of the warning capacity provided by the network of energy security correspondents;
 - improving oil data transparency and reviewing EU oil supply infrastructures and oil stocks mechanisms, complementary to the IEA crisis mechanism, especially with respect to availability in the event of a crisis;
 - a thorough analysis of the availability and costs of gas storage facilities in the EU;
 - an assessment of the impact of current and potential energy imports and the conditions of related networks on each Member State's security of supply;
 - establishing an Energy Observatory within the Commission.

¹ Priority projects of European interest are listed in Decision 1364/2006/EC of the EP and of the Council. Regarding coordinators and without prejudice to further appointments, the Council notes that in its Communication, the Commission envisages the following projects: the Power-Link between Germany, Poland and Lithuania; connections to offshore wind power in Northern Europe; electricity interconnections between France and Spain; and the Nabucco pipeline, bringing gas from the Caspian to central Europe.

III. International Energy Policy

4. The development of a common approach to external energy policy has to be speeded up, involving consumer-to-producer as well as consumer-to-consumer and consumer-to-transit countries, dialogues and partnerships including through organisations such as OPEC. To that effect, the European Council:
- emphasises the following as essential elements when further developing the "single voice" of the EU in support of the three energy policy objectives:
 - negotiating and finalising a post-partnership and cooperation agreement with Russia in particular relating to energy issues ¹;
 - intensifying the EU relationship with Central Asia, the Caspian and the Black Sea regions, with a view to further diversifying sources and routes;
 - strengthening partnership and cooperation building on the bilateral energy dialogues with the USA as well as with China, India and other emerging economies, focusing on the reduction of GHG, energy efficiency, renewables and low-emission energy technologies, notably CCS;
 - ensuring the implementation of the Energy Community Treaty, with a view to its further development and possible extension to Norway, Turkey, Ukraine and Moldova;
 - making full use of the instruments available under the European Neighbourhood Policy;
 - enhancing energy relationships with Algeria, Egypt and other producing countries in the Mashrek/Maghreb region ²;
 - building a special dialogue with African countries on energy and using Community instruments to enhance in particular decentralised renewable energies and generally energy accessibility and sustainability in this region, as well as energy infrastructure of common interest;
 - promoting access to energy in the context of the UN-CSD.

¹ This formulation is without prejudice to on-going discussions on the negotiating mandate for the post-PCA agreement.

² Bearing in mind the GAERC conclusions of 22 January 2007 (doc. 5463/07).

IV. Energy efficiency and renewable energies

5. The European Council is aware of the growing demand for energy and increasing energy prices as well as of the benefits of strong and early common international action on climate change, is confident that a substantive development of energy efficiency and of renewable energies will enhance energy security, curb the projected rise in energy prices and reduce greenhouse gas emissions in line with the EU's ambitions for the period beyond 2012, and underlines that the savings potential and targets for renewables and biofuels referred to below should be achieved with a view to sharing efforts and benefits fairly and equitably among all Member States, taking into account different national circumstances, starting points and potentials.
6. In that light, the European Council:
- stresses the necessity of increasing energy efficiency in the EU to realise the objective of saving 20% of the EU's energy consumption compared to projections for 2020, as estimated by the Commission in its Green Paper on Energy Efficiency, and to make good use of their National Energy Efficiency Action Plans for this purpose;
 - calls for a thorough and rapid implementation of the ambitious five main priorities as highlighted in the Council conclusions of 23 November 2006 ¹ on the Commission's Action Plan on Energy Efficiency, relating to energy-efficient transport, dynamic minimum efficiency requirements for energy using equipment, energy efficient and energy saving behaviour of energy consumers, energy technology and innovations and the energy savings from buildings;
 - welcomes the Commission's intention to put forward in 2007 a proposal for a new international agreement on energy efficiency in order to develop common global efforts towards promoting energy efficiency, bearing in mind that such an agreement should be complementary to EU energy efficiency policy;
 - supports the use of international negotiations to encourage sustainable methods of production and to promote international trade in environmental and energy-efficient goods and services;
 - calls for an early review of the Community guidelines on State aid for environmental protection and other relevant Community instruments which can provide incentives, with the aim of making them more supportive of the Community's energy and climate change objectives.

¹ 15210/06

7. The European Council reaffirms the Community's long-term commitment to the EU-wide development of renewable energies beyond 2010, underlines that all types of renewable energies, when used in a cost-efficient way, contribute simultaneously to security of supply, competitiveness and sustainability, and is convinced of the paramount importance of giving a clear signal to industry, investors, innovators and researchers. For these reasons, taking into consideration different individual circumstances, starting points and potentials, it endorses the following targets:

- a [binding] target of a 20 % share of renewable energies in overall EU energy consumption by 2020;
- a 10 % binding minimum target to be achieved by all Member States for the share of biofuels in overall EU transport petrol and diesel consumption by 2020, to be introduced in a cost-efficient way. The binding character of this target is appropriate subject to production being sustainable, second-generation biofuels becoming commercially available and the Fuel Quality Directive being amended accordingly to allow for adequate levels of blending.

From the overall renewables target, differentiated national overall targets should be derived with Member States' full involvement and, subject to meeting the minimum biofuels target in each Member State, leaving it to Member States to decide on national targets for each specific sector of renewable energies (electricity, heating and cooling, biofuels).

In order to meet these targets, the European Council:

- calls for an overall coherent framework for renewable energies which could be established on the basis of a Commission proposal in 2007 for a new comprehensive directive on the use of all renewable energy resources. This proposal should be in line with other Community legislation and could contain provisions as regards:
 - = Member States' overall national targets;
 - = National Action Plans containing sectoral targets and measures to meet them; and
 - = criteria and provisions to ensure sustainable production and use of bioenergy and to avoid conflicts between different uses of biomass.
- calls for a thorough and rapid implementation of the measures highlighted in the June 2006 Council conclusions ¹ on the Commission Biomass Action Plan, notably as regards demonstration projects for second-generation biofuels.

¹ doc. 9669/06.

8. The European Council underlines the central role that emissions trading must play in the EU's long-term goals to reduce GHG emissions, and stresses the importance of the review by the Commission of the EU Emissions Trading Scheme in delivering an improved EU ETS that provides a market-based, cost-effective means to deliver emissions reductions at minimum cost - including as regards energy-intensive industries - and to make a major contribution to the EU's overall targets.

V. *Energy Technologies*

9. Recognizing the need to strengthen energy research in particular to accelerate the competitiveness of sustainable energies, notably renewables, and low carbon technologies and the further development of energy efficiency technologies, the European Council:
- welcomes the Commission's intention to table a European Strategic Energy Technology Plan during 2007 for consideration at the latest by the 2008 Spring European Council.
10. Aware of the huge possible global benefits of a sustainable use of fossil fuels, the European Council:
- underlines the importance of substantial improvements in generation efficiency and clean fossil fuel technologies;
 - urges Member States and the Commission to work towards strengthening R & D and developing the necessary technical, economic and regulatory framework to bring environmentally safe carbon capture and sequestration (CCS) to markets, if possible by 2020.
 - welcomes the Commission's intention to establish a mechanism to stimulate the construction and operation by 2015 of up to 12 demonstration plants of sustainable fossil fuel technologies in commercial power generation.
11. Recalling that the EPE will fully respect Member States' choice of energy mix, the European Council:
- notes the Commission's assessment of the contribution of nuclear energy;
 - confirms that it is for each and every Member State to decide whether or not to rely on nuclear energy and stresses that this has to be done while further improving nuclear safety and the management of radioactive waste, and to that effect it:
 - supports R & D on waste management, particularly under the 7th Framework Research Programme;
 - can envisage the creation of a high-level group on nuclear safety and waste management.

