



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 13 March 2006**

**7249/06**

**LIMITE**

**POLGEN 26**

**NOTE**

---

from :            Presidency  
to :                Coreper

---

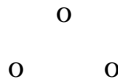
Subject :        *European Council (23 and 24 March 2006)*  
                  – *Draft conclusions*

---

The Presidency submits herewith to Coreper a revised set of draft conclusions to be adopted by the European Council at its meeting on 23 and 24 March 2006.

o  
o    o

1. The meeting was preceded by a presentation given by Mr Josep Borrell, President of the European Parliament, followed by an exchange of views.



### ***IMPLEMENTING THE RENEWED PARTNERSHIP FOR JOBS AND GROWTH***

2. Drawing on lessons learnt from five years of implementing the Lisbon Strategy, the European Council in March 2005 decided on a fundamental re-launch. It agreed to refocus priorities on jobs and growth coherent with the Sustainable Development Strategy, by mobilising to a greater degree all appropriate national and Community resources. It also agreed on a new governance cycle based on partnership and ownership.
3. At Hampton Court, the Heads of State or Government provided further political impetus to the renewed Lisbon Strategy, in particular by emphasising the way in which European values can underpin modernisation in our economies and societies in a globalised world.
4. Finally, the agreement reached at the December 2005 European Council on the Financial Perspectives 2007-2013 represented an important step forward in providing the Union with the means to carry through its policies, including those contributing to an effective implementation of the renewed Lisbon Strategy. On that basis, the European Council stresses the importance of concluding as soon as possible the new Inter Institutional Agreement and of rapidly adopting the necessary legal instruments.

5. The background in Europe is characterised by intensified competition from abroad, an ageing population, higher energy prices and the need to safeguard energy security. Since the end of 2005, a gradual economic recovery is under way, with growth expected to return towards potential in 2006 and to accelerate further in 2007. The EU is expected to create six million new jobs during the three-year period 2005-2007, helping to reduce unemployment from a peak of 9.0% at the end of 2004 to 8.1% in 2007. However, the further reduction of unemployment, raising productivity and the increase of potential growth remain the key challenges for the Union.
6. Preparing for ageing populations and the ambition to reap the full benefits of globalisation will be the two main drivers for structural reforms. Further structural reforms are required to increase the competitiveness of Europe and to sustain growth, thereby contributing to an increase in living standards and the creation of new jobs. At the same time, appropriate macro-economic policies are key towards reaping the full benefits of structural reforms in terms of growth and employment. Improving business and consumer confidence will contribute to durably bring growth up to its potential level. Determined fiscal consolidation will further strengthen the conditions for more jobs and growth.
7. The economic recovery provides a strong opportunity for pursuing vigorously structural reforms in line with the National Reform Programmes, as well as for enhanced fiscal consolidation in line with the renewed Stability and Growth Pact. In this context, concrete targets and timetables are a useful tool for speeding up the implementation of the envisaged reforms and for delivering better results in terms of growth and employment.
8. The European Council welcomes the Commission communication "Time to move up a gear" and the fact that all Member States have rapidly drawn up their National Reform Programmes (NRPs). It also welcomes progress made concerning the Community Lisbon Programme.

9. The European Council notes the large convergence of views in the NRPs on the key challenges. It also notes that the NRPs contain a wealth of promising policies to be shared and learnt from. However, the European Council at the same time notes the Commission's view that some NRPs could include more specific targets and timetables and that they could also be more detailed as concerns competition and removing obstacles to market access, as well as on the budgetary aspects of envisaged reforms.
10. The European Council welcomes the fact that Member States have made real efforts to involve national parliaments and representatives from regional and local authorities as well as social partners and other stakeholders of the civil society in the formulation of their NRPs. It also welcomes the initiatives taken up by the European Parliament, the Committee of the Regions and the European Economic and Social Committee to increase the ownership on Community level. It encourages the European Economic and Social Committee and the Committee of the Regions to continue their work and asks for summary reports in support of the Lisbon Strategy in early 2008.
11. It is necessary to involve European citizens more actively in the process in order to increase the understanding how timely and properly implemented reforms will contribute to greater and better shared prosperity. An effective renewed partnership for jobs and growth will require an active contribution of the social partners. The European Council welcomes the intention of the Finnish Presidency to hold a Tripartite Social Summit.
12. Now that the NRPs are in place, it is essential to maintain momentum by ensuring their effective, timely and comprehensive implementation and if necessary, strengthening of measures agreed in the NRPs, in line with the European Council's conclusions of March 2005. Accordingly, the European Council:
  - calls on the Member States to report in Autumn 2006 on the measures taken to implement their NRPs, in the light of the evaluation by the Commission and the Council, as well as of the agreed priority actions mentioned below; and to take account of the NRPs when drawing up their Strategic Reference Frameworks for Cohesion;

- invites the Commission to organise with the Member States the exchange of experiences in a practical way; and to pay particular attention, in its report in view of the 2007 Spring European Council on progress towards implementing the NRPs, to the priority actions and to propose any additional measures.
13. The European Council confirms that the Integrated Guidelines 2005-2008 for jobs and growth remain valid. Within that framework it agrees on:
- **specific areas for priority actions** concerning investment in knowledge and innovation, business potential, especially of SMEs and employment of priority categories (see part I);
  - the definition of a **New Energy Policy for Europe** (see part II);
  - measures to be taken across the board in order to **maintain the momentum** under all pillars of the Lisbon Strategy (see part III).

**PART ONE**  
**SPECIFIC AREAS FOR PRIORITY ACTION**

14. The European Council agrees on the following specific areas for priority action to be implemented by the end of 2007 in the context of the renewed Lisbon Strategy.
- (a) *Investing more in knowledge and innovation*
15. In view of the importance of R&D for future growth and in providing solutions for many of the problems confronting our society today, the European Council reiterates the commitment entered into at Barcelona, welcomes the progress made concerning setting specific national targets and calls upon all Member States to promote policies and actions aiming at the established overall 3% objective by 2010, taking into account the different starting points of Member States (see Annex X). To provide more and better resources for research and innovation, Member States should refocus their public expenditure on research and innovation as well as promote private sector R&D, in particular by improving their mix of support instruments.
16. The European Council calls for the speedy adoption of the **7<sup>th</sup> Framework Programme** for Research and Development and the new Competitiveness and Innovation Programme. It calls for the quick establishment of the European Research Council working on the basis of criteria aiming at raising yet further the excellence of Europe's best research teams. Action undertaken under the Research Framework Programme should be better coordinated with other European and national actions to promote public-private partnerships, including intergovernmental initiatives such as Eureka.

17. A **dynamic environment** should be fostered by the creation of attractive clusters. Member States are invited to create a single, open and competitive European labour market for researchers, notably by overcoming remaining obstacles to geographical and intersectoral mobility, and by improving employment and working conditions for senior researchers as well as by attracting young research talent into research careers. The cooperation and technology transfer between public research and industry should be enhanced, both within and across national borders.
  
18. **ICT policies** play an important role in boosting innovation and knowledge. In this connection, the European Council notes the significance of the Aho report on Creating an Innovative Europe and invites the Commission to assess its recommendations. The European Council accordingly calls for a broad-based innovation strategy for Europe that translates investments in knowledge into products and services. A comprehensive approach to innovation policy can be achieved by supporting markets for innovative goods and services and excellence in research in new technologies. This would imply inter alia identifying best practices in innovation policies that would have the greatest potential for creating real value added and boosting productivity. Furthermore links should be strengthened between R&D, innovation systems and business environment in order to improve the effectiveness of the innovation process and shorten the time needed for innovations to mature and to be translated into commercial products and services.
  
19. **Education and training** are critical factors to develop the EU's long-term potential for competitiveness as well as for social cohesion. The search for excellence and innovation at all levels of education and training, in particular through better links between higher education, research and enterprises is crucial. Reforms must also be stepped up to ensure high quality education systems which are both efficient and equitable. National lifelong learning strategies should provide all citizens with the competences and qualifications they need. To support greater mobility and an efficient labour market, progress on a European Qualifications Framework (EQF) should also be achieved.

20. **Investments in education and training** produce high returns which substantially outweigh the costs and reach far beyond 2010. They should be targeted on areas where economic returns and social outcomes are high. Education and Training must occupy a central position in the Lisbon reform agenda, in this context, the new Lifelong Learning Programme 2007-2013 will be essential. The European Council calls on the Member States to facilitate, in line with national practices, by the end of 2007 universities' access to complementary private sources of funding and to remove barriers to public-private partnerships with businesses. Furthermore, it underlines the crucial role of universities and their research staff in the dissemination and transfer of research results to the business community and hence the need of developing managerial skills and competencies for the people involved. The European Council looks forward to the report of the Commission on higher education which will address in particular the triangle education-research-innovation as well as the links between universities and the business community.

21. The European Council recognises that the establishment of a European Institute for Technology will be an important step to fill the existing gap between higher education, research and innovation. It invites the Commission to submit a proposal for its establishment by the end of June 2006.

**(b) *Unlocking business potential, especially of SMEs***

22. There is consensus on the overall importance of a strong and competitive industrial base in Europe and therefore on the need for a modern and coherent concept for EU manufacturing. The European Council stresses the importance of achieving the right balance between horizontal and sectoral approaches and refers to the necessity of improving the consistency of policies in order to be able to benefit on a larger scale from potential synergies. The European Council calls on Member States to proactively develop national strategies and implement measures to foster competitiveness, innovation and productivity through policies that address the social dimension and the needs of individuals in the process of internationalisation and structural change.



23. The European Council acknowledges the utmost importance of creating a more favourable business environment, especially for small and medium-sized enterprises (SMEs), which are the backbone of the European economy. At Community level, significant progress has been achieved, notably through the Commission's thorough and balanced impact assessments of new proposals and their strengthened competitiveness dimension, as well as the rolling programme of simplification. To complement this at national level, the European Council calls on Member States to transpose, enforce and fully implement Community legislation to allow consumers, workers and business to enjoy the benefits of the internal market. Member States should also put into practice the commitment entered into in their NRPs to making impact assessments on legislative initiatives and to measuring administrative costs.
24. SMEs have a crucial role in creating growth and better jobs in Europe. There is a need to develop comprehensive supportive policies for SMEs of all types, as well as a regulatory environment that is simple, transparent and easy to apply. The principle of "think small first" must be applied systematically and become a guiding principle for all legislation at Community and national levels. The European Council accordingly invites the Commission to bring forward specific provisions to encourage SME growth and development, such as longer transition periods, reduced fees, simplified reporting requirements and exemptions. The European Council also expects the Commission to further assist Member States in adapting their policies for SMEs and to further promote the dialogue with all stakeholders.
25. The Commission is invited to launch an exercise to measure administrative costs associated with EU rules in specific areas, giving particular attention to SMEs and to identifying which costs flow directly from EU legislation and which costs arise from Member States' differing transposition of EU rules. This exercise should be coordinated with ongoing national initiatives. On this basis, the Commission is invited to explore options for establishing measurable targets in specific sectors for reducing administrative burdens.

26. The Member States should establish, by 2007, a one-stop-shop, or arrangements with equivalent effect, for setting up a company in a quick and simple way. Member States should take adequate measures to considerably reduce the average time for setting up a business, with the ultimate objective of being able to do this within one week anywhere in the EU by 2010. Start-up fees should be as low as possible and the recruitment of a first employee should not involve more than one public administration point.
27. Europe needs more entrepreneurs equipped with the appropriate skills to successfully compete in the markets. The European Council therefore underlines the need of creating an overall positive entrepreneurial climate and of appropriate framework conditions that facilitate and encourage entrepreneurship and therefore invites the Member States to strengthen respective measures, including through entrepreneurship education and training at the appropriate level of education. Communication and media can also play an important role in promoting entrepreneurship and in encouraging people to decide for an entrepreneurial career. Furthermore, measures to improve the business environment for SMEs and to encourage more people, in particular women and young people, to become entrepreneurs should also be explicitly mentioned in the NRPs as well as in the reporting.
28. A fully integrated financial market and sufficient access to finance is crucial for the growth of small and medium sized enterprises. If not properly addressed, the lack of finances will continue hindering innovation in SMEs. At community level, funding sources shall be made available through the financial instruments under the forthcoming Community programmes, in particular the 7th Research Framework Programme and the Competitiveness and Innovation Programme (CIP). In addition, the Council calls on Member States to fully utilise the potential of structural funds, through traditional and new funding instruments such as JEREMIE. Moreover, the intellectual property rights' (IPR) potential of SMEs deserves more attention. Furthermore, SMEs' access to markets will be improved by facilitating their access to public procurement markets and standardisation as well as by supporting their internationalisation.

29. The European Council welcomes the Commission's intention to take fully into account the need to give consideration to amending existing state aid rules thus reflecting market failures relevant to SMEs and to simplifying administrative procedures, *inter alia* the so called "de-minimis" exemptions and to provide for wider block exemptions. The review of state aid should encourage a high level of investment in Europe and make Europe attractive for future investment.

(c) *Increasing employment opportunities for priority categories*

30. Increasing employment in Europe remains one of the top priorities for reform. Labour market reforms that have been undertaken in recent years are beginning to bear fruit. A key objective is to increase labour market participation, especially of the young, women, the elderly, persons with disabilities and immigrants and minorities. To achieve these objectives, work should be conducted in close cooperation with social partners.

31. Taking advantage of Europe's improved economic prospects to create more and better jobs, more effort must now be put into implementing the European Employment Strategy and the three priorities for action: attract and retain more people in employment, increase labour supply and modernise social protection systems, improve adaptability of workers and enterprises, and increase investment in human capital through better education and skills. Better organisation of work, quality of working life and continuous updating of workers' qualifications are factors which should be analysed in view of boosting labour productivity.

32. Within these priorities, and given the recent improvement of economic conditions, further efforts should be undertaken to increase European employment by at least 2 million jobs yearly until 2010 as a further step to reaching the Lisbon employment targets.

33. The European Council calls on the Member States to:
- develop a life-cycle approach to work, facilitating swift employment transitions throughout working life and leading to an increase in the total number of hours worked in the economy, and to improving the efficiency of investment in human capital;
  - pursue the shift towards active and preventative policies, encouraging and helping people to find paid employment;
  - better focus measures for those with low skills and low pay, in particular those on the margins of the labour market.
34. It is urgent to improve the situation of young people in the labour market and to reduce significantly youth unemployment. To that end, the European Council stresses that in line with the agreed target for 2010, efforts should be intensified to reduce early school leaving to 10% and to ensure that at least 85% of 22 year olds should have completed upper secondary education. By the end of 2007 every young person who has left school and is unemployed should be offered a job, apprenticeship, additional training or other employability measure within six months, and within no more than 100 days by 2010.
35. With a view to making it more attractive for older workers to stay employed for longer, the European Council underlines that active ageing strategies should be implemented. In this context, incentives for prolonging working lives, gradual retirement, part-time work, improving quality at work and targeted incentives to ensure that the number of older workers participating in training rises faster than that for the overall workforce should be considered.
36. Acknowledging that gender equality policies are vital to economic growth, prosperity and competitiveness, the European Council stresses that it is time to make a firm commitment at European level to implement policies to promote women's employment and to ensure a better work-life balance. To this end, the European Council approves the European Pact for Gender Equality (see Annex Y) and agrees that the availability of quality childcare should be increased in line with Member States' own national targets.

37. The European Council stresses the need to develop more systematically in the NRPs comprehensive policy strategies to improve the adaptability of workers and enterprises. In this context, the European Council asks Member States to direct, special attention to the key challenge of "flexicurity" (flexibility through security): Europe has to exploit the positive interdependencies between competitiveness, employment and social security. Therefore Member States are invited to pursue reforms in labour market and social policies under an integrated flexicurity-approach, adequately adapted to specific institutional environments. The European Council welcomes the Commission's proposal to explore the development of a set of common principles on flexicurity and invites Member States and social partners to actively participate in this process. In this context, it also notes the proposal by the Commission to establish a European Globalisation Adjustment Fund to provide additional support for workers made redundant as a result of major structural changes in world trade patterns and to assist them with their re-training and job search efforts, and invites the Council, the European Parliament and the Commission to take the appropriate measures in order for the Fund to be operational as soon as possible.

**PART TWO**  
**A NEW ENERGY POLICY FOR EUROPE**

**PART THREE**  
**MAINTAINING MOMENTUM ACROSS THE BOARD**

*(a) Ensuring sound and sustainable public finances*

38. At present, 12 EU Member States are in excessive deficit and the debt levels are above 60% of GDP in several Member States. In the context of the recovery underway, Member States should make fast progress towards their medium term objective and those Member States in excessive deficit should pursue ambitious fiscal consolidation so as to put an end to their excessive deficit as soon as possible.
39. Further comprehensive reforms are needed in many Member States to improve the sustainability of their welfare systems, and meet the economic and budgetary consequences of ageing. In this context, the European Council takes note of the report on the impact of ageing populations on public spending, and reaffirms the three-pronged strategy, aiming at reducing public debt, increasing employment rates and productivity, and reforming pension and health care systems. Measures which discourage early withdrawal from the labour force, or reduce pension costs should be promoted. Further the European Council invites the Commission to undertake a comprehensive assessment of the sustainability of Member States' public finances by autumn 2006, using the commonly agreed framework.
40. The European Council underlines the need to further improve the efficiency and effectiveness of public spending and taxes in order to enhance the quality of public finances and foster growth and employment enhancing activities, in line with the Lisbon priorities.
41. Monetary integration creates stronger spill over effects amongst members. Membership in the euro area places also a particular premium on effective policy coordination to ensure fiscal discipline and flexibility to cope with asymmetric shocks, and to carry on with structural adjustment needed for example to deal with deviating trends in competitiveness. In that respect, further fiscal consolidation and enhanced structural reforms in goods, services, labour and real estate markets are especially important in Euro-area Member States.

*(b) Completing the internal market and promoting investment*

42. The extension and deepening of the internal market is a key element for achieving the aims of the renewed Lisbon Strategy. Accordingly, the European Council calls for:

- final agreement on the REACH package before the end of 2006, as well as - if agreement between the European Parliament and the Council can be reached at first reading - on the closely-related Regulation concerning classification and labelling of hazardous substances and mixtures;
- progress towards an effective, modern and affordable European intellectual property rights regime;
- further progress on simplification and modernisation of the VAT and customs system;
- promotion of a fully integrated and well functioning financial market and better access to finance, particularly through the implementation of the FSAP-measures and the Commission's working programme outlined in the White Paper on Financial Services Policy (2005-2010), making progress on clearing and settlement of securities transactions, the creation of a Single European Payment Area, enhancing the framework for cross-border financial sectors supervision and crisis management, and a mutual recognition of accounting standards with the US.

43. Recalling the conclusions of the European Council of March 2005, the European Council stresses that the internal market for services must be made fully operational, while preserving the European social model. The European Council takes good note of the Commission's intention to present an amended proposal for the Services Directive largely based on the first reading of the European Parliament, taking account of the discussions in the Council to date and ensuring the broadly shared objective of making a significant step forward while respecting the Treaty and the jurisprudence of the Court of Justice; it invites the Commission to present the amended version without delay and expresses the hope that the institutions will be able to swiftly conclude the legislative process.



44. The European Council welcomes the presentation of the Commission communication on the functioning of the Transitional Arrangement on freedom of movement and takes note of the evaluation contained therein. In the light of experience Member States will notify the Commission of their intentions according to the relevant provisions of the 2003 Accession Treaty.
45. The European Council calls on Member States to transpose, enforce and fully implement EC legislation to allow consumers, workers and businesses to enjoy the benefits of competitive, border-free markets.
46. The European Council recalls the Hague Programme of November 2004 whereby legal migration could play an important role in enhancing the knowledge-based economy in Europe, in advancing economic development, and thus contributing to the implementation of the Lisbon strategy. It takes note of the Commission's Policy Plan on Legal Migration presented in December 2005.
47. Taking due account of the principle of subsidiarity and proportionality and the importance of respecting the *acquis communautaire*, the European Council underlines the importance it attaches to Better Regulation at national and European level as a means to achieving the Lisbon goals and urges all institutions and the Member States to implement their commitments, including using robust and balanced impact assessment with measurement of administrative costs, delivering the rolling programme of simplification for the priority sectors of waste, construction and the automotive industries. Unnecessary bureaucratic burdens hinder entrepreneurial dynamism and pose a significant barrier to a more innovative and knowledge-intensive economy. Such burdens particularly harm small and medium-sized enterprises, which account for two thirds of jobs in Europe.

48. The European Council recognises the importance of a pro-active competition policy, a regulatory framework that eases market access and a reform of State aid as key policy instruments to help complete the internal market. It recognises the important role of competition in ensuring effective delivery of Europe's network industries. It calls on Member States to take action in these areas.
49. The European Council recognises the crucial importance to the Lisbon Strategy of more productive use of information and communication technologies in business and administrative organisations throughout the European Union. Focused, effective and integrated ICT policies at both at European and national level are essential to achieving the Lisbon goals of economic growth and productivity. As such, the European Council calls on the Commission and the Member States to implement the new i2010 Strategy vigorously.
50. In support to the completion and deepening of the internal market, further efforts are required with a view to making progress on the expansion, improvement, interconnection and interoperability of European infrastructure. The European Council stresses the importance of carrying out the TEN projects in the fields of transport and energy and Member States setting the right incentives for infrastructure investment.
51. The European Council welcomes the EIB's Group contribution to promoting growth and employment, which, building on the European Action for Growth with new financial instruments combining multi-annual EU and EIB resources, will shift the quality of the Bank's operations towards higher value added and risk, thereby leveraging private capital to increase substantially financing available for growth-enhancing investments in R&D, SMEs, infrastructure and energy security in Europe.

52. The European Council invites the relevant actors to take the necessary follow-up steps without delay, taking into account the final agreement on the Financial Perspectives, and respecting the agreed framework for the EIB's capital (i.e. no capital increase before 2010 and self financing via reserves) and the need to fulfil its tasks under the Treaty. It also underlines the need of close co-operation between the EIB and the Commission as well as between the EIB and the EBRD in order to fully exploit their catalyst function with regard to economic growth and employment.
53. The European Council further underlines the importance of ensuring open and competitive markets inside and outside Europe. An ambitious and balanced outcome of the WTO DDA negotiation can make a significant contribution to European growth.

(c) *Enhancing social cohesion*

54. The new strategy for jobs and growth provides a framework where economic, employment and social policy mutually reinforce each other, ensuring that parallel progress is made on employment creation, competitiveness, and social cohesion in compliance with European values. For the European social model to be sustainable, Europe needs to step up its efforts to create more economic growth, a higher level of employment and productivity while strengthening social inclusion and social protection in line with the objectives provided for in the Social Agenda.
55. The Spring European Council in March 2005 stated on the occasion of the mid-term review of the Lisbon Strategy that growth and employment are at the service of social cohesion. In this context, the European Council welcomes the Joint Report for Social Protection and Social Inclusion and the new objectives and working methods in this area and asks the Member States to submit National Reports for Social Protection and Social Inclusion for 2006-2008 by September 2006. The Commission and the Council will inform the Spring European Council with the Joint Report on the progress in the area of social protection and social inclusion.

56. The European Council stresses that the policies for social protection and social inclusion have to be closely coordinated with the partnership for jobs and growth, both at national and European level in order to ensure that economic, employment and social policies interact in a positive way and that social protection is regarded as a productive factor.
57. The European Council reaffirms the Lisbon objective that steps have to be taken to make a decisive impact on the eradication of poverty. Social inclusion policies should be pursued by the Union and the Member States, with its multifaceted approach, focusing on target groups such as children in poverty. The European Council asks the Member States to take necessary measures to rapidly and significantly reduce child poverty.
58. The European Council stresses that in view of the demographic change in the European Union employment rates have to be increased and the reconciliation of work and family life has to be promoted. To tackle these demographic challenges, it will be necessary to support policies that make it possible to combine working life with children and family life, equal opportunities, to enhance the solidarity between the generations, promote health, improve affordable care for children and other people in need of care, life-long learning and an increased employment rate of young people, older workers and disadvantaged groups.
59. Further progress is also needed as concerns measures for young people, including the implementation of the European Pact for Youth. The European Council encourages the Member States to reinforce links between policies on education, training, employment, social inclusion and mobility, so as to develop more effective cross-sectoral strategies. The Commission and the Member States are requested to involve young people and youth organisations in the implementation of the European Pact for Youth.

(d) *Environmentally sustainable growth*

60. Over and above its importance in its own right, environmental policy can make an important contribution to jobs and growth and can impact positively on important sectors such as public health and health-care costs, and social inclusion and cohesion as well as on the development of a new energy policy, including the promotion of energy security and energy efficiency.
61. The European Council endorses the following lines for action:
- strong promotion and diffusion of eco-innovations and environmental technologies, *inter alia* through the Environmental Technology Action Plan and considering setting performance targets;
  - following up the Montreal Climate Action Plan under the UN Framework Convention on Climate Change, preparation of options for a post-2012 arrangement without delay through constructive engagement in a broad dialogue on long-term cooperative action and at the same time through a process under the Kyoto Protocol;
  - review of the environmental structural indicators in order to cover the environmental dimension of the Lisbon Strategy more comprehensively;
  - urgent implementation of the EU objective of halting the loss of biodiversity by 2010, notably by integrating its requirements into all relevant Lisbon agenda policies and by swift presentation and discussion of the Commission communication on biodiversity;
  - exploration of specific actions to bring about more sustainable consumption and production patterns at EU and global level, including the development of an EU SCP Action plan, and fostering green public procurement, *inter alia* by promoting environmental criteria and performance targets and by examining the proposal for a Directive on the promotion of clean road transport vehicles as soon as possible;
  - further exploration of appropriate incentives and disincentives, and a reform of environmentally harmful subsidies with a view of gradually eliminating them.

**R&D expenditure (2004) as % of GDP and targets set by Member States in National Reform Programmes**

Member State	2004 <sup>1</sup>	Target for 2010 or other years <sup>2</sup>	Remarks
Belgium	1,93	3,00	
Czech Republic	1,28	2,06	
Denmark	2,61	3,00	
Germany	2,49	3,00	
Estonia	0,91	1,90	
Greece	0,58	1,50	
Spain	1,07	2,00	
Ireland	1,20	2,50% of GNP	Target for 2013.
France	2,16	3,00	
Italy	1,14	2,5	
Cyprus	0,37	1,0	
Latvia	0,42	1,50	
Lithuania	0,76	2,00	
Luxembourg	1,78	3,00	
Hungary	0,89	1,8	with an increased participation of the private sector
Malta	0,273	0,75	Target for 2007
Netherlands	1,77	3,00	
Austria	2,26	3,00	
Poland	0,58	1,65	Target for 2008.
Portugal	0,78	1,80	Target of 1% public R&D and tripling of private R&D.
Slovenia	1,61	3,00	
Slovakia	0,53	1,80	
Finland	3,51	4,00	
Sweden	3,74	4,00	Target of 1% public R&D and unchanged private R&D.
UK	1,79	2,50	Target for 2014.

<sup>1</sup> Source: Eurostat. Most values are provisional. The values for IT, LU and PT refer to 2003.

<sup>2</sup> Source: National Reform Programmes, with European Commission estimates based on the targets provided by PT, SE.

**EUROPEAN PACT FOR GENDER EQUALITY**

Considering the need to:

- contribute to fulfilling EU ambitions on gender equality as mentioned in the Treaty,
- close the gender gaps in employment and social protection, thus contributing to make full use of the productive potential of the European labour force,
- contribute to meeting the demographic challenges by promoting better work-life balance for women and men,

the European Council has adopted a European Pact for encouraging action on Member State and Union level in the following fields:

Measures to close gender gaps and combat gender stereotypes in the labour market

- promote women's employment in all age brackets and reduce gender gaps in employment, including by combating all forms of discrimination;
- equal pay for equal work;
- combat gender stereotypes, in particular those related to the sex-segregated labour market and in education;
- consider how to make welfare systems more women's employment friendly;
- promote women's empowerment in political and economic life and women's entrepreneurship;
- encourage social partners and enterprises to develop initiatives in favour of gender equality and promote gender equality plans at the workplace;
- mainstreaming the gender perspective into all public activities.

#### Measures to promote a better work-life balance for all

- achieve the objectives set at the European Council in Barcelona in March 2002 on the provision of childcare facilities;
- improve the provision of care facilities for other dependents;
- promote parental leave for both women and men.

#### Measures to reinforce governance through gender mainstreaming and better monitoring

- ensure that gender equality effects are taken into account in impact assessments of new EU policies;
- further develop statistics and indicators disaggregated by sex;
- fully utilise opportunities presented by the establishment of the European Institute for Gender Equality.

The European Pact for Gender Equality, as well as the Annual Report on Equality between Women and Men, should be linked to the established follow-up mechanisms of the Lisbon Strategy, taking into account the European Youth Pact, and aim to promote the implementation of gender mainstreaming in actions taken within the strategy. When reporting on the implementation of their NRPs for jobs and growth, Member States are encouraged to include a perspective of gender equality, especially concerning Guideline 18. The Commission and the Council are invited to do likewise in the Annual Progress Report on the Lisbon Strategy.