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**COMMUNICATION FROM THE COMMISSION TO
THE COUNCIL AND THE EUROPEAN PARLIAMENT
On the review of the Sustainable Development Strategy
A platform for action**

First meeting of the
Working Group on Sustainable Development Indicators

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A platform for action

(Text with EEA relevance)

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

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

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

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

1. A FRAMEWORK FOR ACTION

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

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

Recognising these linkages, the EU is exploiting the mutually reinforcing elements of economic, social and environment policy. The Commission now undertakes impact assessments for all major policy proposals to assess their contribution to sustainability. The reform of the agricultural and fisheries policy, the reinforcement of rural development policy as well as the modernisation of cohesion policy reflects this commitment to integrated policy making. The EU has put a policy framework in place to combat climate change, including an ambitious emission trading system for CO₂ to encourage industrial plants to reduce their emissions at least cost.

Several cross-cutting and thematic strategies and action plans¹, often accompanied by specific targets and milestones have been adopted. These include joint efforts across a wide range of areas, for example, to improve security, public health, enhance social inclusion, strengthen cohesion and to halt the loss of biodiversity, improve soil, water and air quality. Member States and local and regional governments have also acted across the board, for example to address social exclusion, to prepare for the impact of an ageing society, reduce greenhouse gas emissions and improve the quality of local public transport².

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

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

In developing this package, the Commission has consulted widely and listened to the Council and Parliament, Member States, NGO's, citizens and stakeholders³. The main lessons from this dialogue are that the reviewed Strategy needs a stronger focus, a clearer division of responsibilities, wider ownership and broader support, a stronger integration of the international dimension and more effective implementation and monitoring.

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

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

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

³ Commission Communication of February 2005 - COM(2005) 37. The Commission received more than 1 100 contributions during the consultations.

- identifies key issues where a stronger impetus is needed in coming years;
- suggests that the external dimension of sustainable development (e.g. global resource use, international development concerns) be factored into internal policy making and that the impact of European policy choices on global sustainable development be more consistently assessed;
- proposes ways to measure progress and regularly review priorities, with a view to facilitating greater coherence between Member State and EU strategies;
- recommends a continuous dialogue with the people and organisations - business leaders, regional and local authorities, NGOs, academia, and citizens organisations - who are engaged and committed to making change happen.

2. MAKING THE CHANGE: FOCUSING ON KEY ISSUES

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

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

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

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

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

2.1. Climate change and clean energy

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

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

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

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

Key actions:

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

on biomass⁴ and biofuels in 2006. It will also launch a debate in 2006 on EU policy on renewable energy up to 2020, including on the share of the energy mix from renewable sources. This would provide a clear target for all actors involved, providing the certainty sought by business and investors. The EU will continue to promote the use of renewable energies worldwide.

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

2.2. Public health

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

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

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

Key actions:

For the EU and its Member States to:

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

⁴ COM(2005) 628, 7.12.2005.

2.3. Social exclusion, demography and migration

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

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

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

Key Actions:

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

2.4. Management of natural resources

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

Certain land and sea use patterns have led to increased traffic congestion, energy use and pollution, increased risk from flooding and loss of landscapes, habitats, and biodiversity⁵. Global patterns of resource use are of concern as they are reducing the earth’s regenerative capacity and the services that nature provides. The loss of bio-diversity, prompted in part by climate change, has economic impacts, including on tourism and sectors such as agriculture that are dependent on ecosystem services (pollination, soil fertility, water availability and quality) or other sectors that use biological information as a source of innovation.

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

Governments have a major role in ensuring success, by providing a predictable, long-term regulatory framework that rewards eco-innovation to support businesses now looking to develop sustainable activities. Public authorities have the purchasing power to generate momentum for change. In the EU, for example, public bodies (such as local authorities, schools, hospitals) buy EUR 1 600 billion worth of products and services each year – 16% of our GDP. This can be used to create the critical mass needed for the market success of sustainable technologies.

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

Key actions:

- Member States should, together with the Commission, exchange experiences and best practice on shifting taxation from labour to consumption and /or pollution in a revenue-neutral way, to contribute to the EU goals of increasing employment and of protecting the environment. In addition, Member States should make more effective use of their considerable procurement power to support the uptake of innovative, more energy-efficient and cleaner applications. The Commission will propose a directive on public procurement of green vehicles.
- The EU will work with Member States and stakeholders to promote eco-innovation and to expand the market for eco-technologies. Member States should implement their roadmaps for environmental technologies. In the context of the 7th Research framework programme, the EU will provide funding to catalyse actions and drive forward research and technology development in key areas including hydrogen and fuel cells.
- The Commission will draw up an action plan to promote sustainable production and consumption, building on ongoing initiatives and instruments such as resource and waste policies, integrated product policy and standards, environmental management schemes and innovation and technology policies, to reinforce their impact, address any gaps and ensure their contribution to global initiatives.
- The EU and Member States should ensure sufficient funding and management of the Natura 2000 network of protected areas, and better integrate biodiversity concerns into internal and external policies to halt the loss of biodiversity.

2.5. Sustainable transport

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

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

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

Key actions:

- The EU and its Member States should focus on making alternatives to road transport a more attractive option for freight and passengers, including by developing the Trans-European Networks and intermodal links for freight logistics, to allow goods to shift easily

between road, rail, and water transport. This will be the subject of a major political debate in the second half of 2006.

- The European Commission will continue to examine the use of infrastructure charging in the EU, drawing on successful local congestion charging schemes, EU-wide infrastructure charging for lorries and new opportunities arising with new satellite, information and communication technologies.
- The Commission will propose a package of measures to improve the environmental performance of cars by promoting clean and energy efficient vehicles including a Directive on the procurement of such vehicles, new vehicle standards, and increasing the use of biofuels. It has already proposed that Member States differentiate taxes on passenger cars according to CO₂ emissions.

2.6. Global poverty and development challenges

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

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

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

Key Actions:

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

economic and environmental terms. It will do so both in a multilateral context (WTO, Doha Round) and as part of its regional and bilateral trade relations.

3. DELIVERING RESULTS

3.1. More effective follow-up

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

- Submitting a progress report from the Commission every two years. It will draw on the set of sustainable development indicators, designed with the assistance of national experts, adopted by the Commission in February 2005⁶. A first report with the latest statistical information accompanies this Communication⁷.
- The European Council and the European Parliament discussing progress, on the basis of the Commission's report, reviewing priorities and providing general orientations on sustainable development at least every two years.
- The European Economic and Social Committee and the Committee of the Regions playing an important role in building stronger support for action, for example, through the organisation of regular stakeholder discussions and through acting as a catalyst to stimulate debate at national level as well.
- The European Commission launching a review of the Sustainable Development Strategy during 2009, involving a process of wide stakeholder consultation.

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

It is therefore proposed that Member States:

- Review their national strategies as appropriate, in the light of the European Union's Strategy and publish them by no later than the end of 2006. Member States are encouraged to review, in particular, how the use of their national policy instruments (see section 3.2) could be made more effective and better integrated with actions taken or proposed at European level.
- On the basis of the reviewed national strategies, undertake a light peer review process, focusing on specific themes, and in particular, seeking to identify examples of good policies and practices that could be implemented by all. The peer review could include an external evaluation dimension possibly with support from the network of national sustainable development advisory councils and involvement of third countries. A first pilot

⁶ SEC(2005) 161.

⁷ Measuring progress towards a more sustainable Europe - Sustainable development indicators for the European Union'. European Commission, Eurostat Panorama of the European Union, Luxembourg, Office for Official Publications of the European Communities, 2005. ISBN 92-894-9768-8

review, under the guidance of the Presidency, and with the assistance of the Commission, involving Member States who wish to volunteer, could be conducted during 2006.

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

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

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

3.2. Better policy making

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

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

Key Actions:

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

Using the most effective mix of instruments

Governments and other public bodies have a wide range of tools by which they can encourage people to make changes - how they regulate, tax, procure, subsidise, invest, spend and provide information. The challenge is to achieve the right policy mix so that the use of instruments and implementation of policies contribute to sustainable development. For instance, Member States should make the best use of structural funds to support sustainable development.

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

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

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

Key Actions:

- The EU will seek to use the full range of policy instruments, whilst promoting the use of market based instruments for the flexibility they offer in meeting sustainable development objectives. Member States should ensure that full use is made of the array of instruments at governments’ disposal and that any subsidies provided are used in a manner which is coherent with the objectives of sustainable development and in accordance with the Treaty.
- The Commission will mainstream sustainable development in its information and communication activities, for both internal and external EU policies. The Commission will continue, together with other Community institutions, to organise events and stakeholder fora on the various strands of the strategy, to raise knowledge and awareness, disseminate new ideas and exchange best practice. Surveys⁸ consistently show that Europeans’ awareness of sustainability issues is high. The challenge is to translate that awareness into more sustainable behaviour. Effective communication needs to be geared to national and local audiences, so Member States have a key role.

⁸ Refer to Eurobarometer.

Mobilising actors and multiplying success

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

More and more business leaders recognise that it pays to care about sustainable development. The most successful companies see that paying attention to sustainable development spurs investment in new technologies, processes and products which the customer wants⁹. They know that it makes good business sense to plan ahead and know where to invest for the future. They know there are opportunities if we have vision, for example by moving towards a low carbon economy. They know they can have influence on those from whom they source their inputs. They need however a stable regulatory framework for action.

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

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

Key Actions:

The Commission:

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

⁹ For example, many relevant studies have found evidence of a positive link between environmental governance and financial performance. The 50 companies rated best in terms of their corporate sustainability reports have a higher credit rating than the average.

4. CONCLUSIONS

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

This review of the EU's Sustainable Development Strategy aims to bring the EU Institutions, Member States, businesses and citizens and their representative organisations together behind a clear vision and political framework for action. The Commission, therefore, invites the Council and the Parliament to endorse the proposed approach, to seek urgent progress on the actions identified, and to work closely together in the run-up to the 2006 June European Council to forge strong and broad-based support behind a shared strategy.

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ANNEX I

DECLARATION ON GUIDING PRINCIPLES FOR SUSTAINABLE DEVELOPMENT

Sustainable development is a key objective set out in the Treaty, for all European Community policies. It aims at the continuous improvement of the quality of life on earth of both current and future generations. It is about safeguarding the earth's capacity to support life in all its diversity. It is based on the principles of democracy and the rule of law and respect for fundamental rights including freedom and equal opportunities for all. It brings about solidarity within and between generations. It seeks to promote a dynamic economy with full employment and a high level of education, health protection, social and territorial cohesion and environmental protection in a peaceful and secure world, respecting cultural diversity. To achieve these aims in Europe and globally, the European Union and its Member States are committed to pursue and respect, on their own and with partners, the following objectives and principles:

Key objectives

ENVIRONMENTAL PROTECTION

Safeguard the earth's capacity to support life in all its diversity, respect the limits of the planet's natural resources and ensure a high level of protection and improvement of the quality of the environment. Prevent and reduce environmental pollution and promote sustainable production and consumption to break the link between economic growth and environmental degradation.

SOCIAL EQUITY AND COHESION

Promote a democratic, socially inclusive, cohesive, healthy, safe and just society with respect for fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms.

ECONOMIC PROSPERITY

Promote a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy which provides high living standards and full and high-quality employment throughout the European Union.

MEETING OUR INTERNATIONAL RESPONSIBILITIES

Encourage the establishment and defend the stability of democratic institutions across the world, based on peace, security and freedom. Actively promote sustainable development worldwide and ensure that the European Union's internal and external policies are consistent with global sustainable development and its international commitments.

Policy guiding principles

PROMOTION AND PROTECTION OF FUNDAMENTAL RIGHTS

Place human beings at the centre of the European Union's policies, by promoting fundamental rights, by combating all forms of discrimination and contributing to the reduction of poverty and the elimination of social exclusion worldwide.

SOLIDARITY WITHIN AND BETWEEN GENERATIONS

Address the needs of current generations without compromising the ability of future generations to meet their needs in the European Union and elsewhere.

OPEN AND DEMOCRATIC SOCIETY

Guarantee citizens' rights of access to information and ensure access to justice. Develop adequate consultation and participatory channels for all interested parties and associations.

INVOLVEMENT OF CITIZENS

Enhance the participation of citizens in decision-making. Promote education and public awareness of sustainable development. Inform citizens about their impact on the environment and their options for making more sustainable choices.

INVOLVEMENT OF BUSINESSES AND SOCIAL PARTNERS

Enhance the social dialogue, corporate social responsibility and private-public partnerships to foster cooperation and common responsibilities to achieve sustainable production and consumption.

POLICY COHERENCE AND GOVERNANCE

Promote coherence between all European Union policies and coherence between local, regional, national and global actions in order to enhance their contribution to sustainable development.

POLICY INTEGRATION

Promote integration of economic, social and environmental considerations so that they are coherent and mutually reinforce each other by making full use of instruments for better regulation, such as balanced impact assessment and stakeholder consultations.

USE BEST AVAILABLE KNOWLEDGE

Ensure that policies are developed, assessed and implemented on the basis of the best available knowledge and that they are economically sound and cost-effective.

PRECAUTIONARY PRINCIPLE

Where there is scientific uncertainty, implement evaluation procedures and take appropriate preventive action in order to avoid damage to human health or to the environment.

MAKE POLLUTERS PAY

Ensure that prices reflect the real costs to society of production and consumption activities and that polluters pay for the damage they cause to human health and the environment.

ANNEX 2

OBJECTIVES, TARGETS, POLICIES AND ACTIONS – GETTING PROGRESS ON THE SDS

This annex contains a selection of key EU strategies, action plans and other initiatives in support of sustainable development. Reference is made to operational objectives and targets where these exist. In addition, many Member States have developed their own sustainable development strategies and action plans. Indeed, in several areas, Member States are best placed to bring about change. The EU can support and complement Member State actions, facilitate exchange of best practice and act as a focal point for review of progress and promotion of further action.

The Sustainable Development Strategy provides the strategic policy framework for how best to address the main unsustainable trends. An essential element of this framework is the inter linkages between the trends. There are multiple inter linkages between the key priorities identified in the core document. A clear example of this is that by increasing the use of renewable energy, we will also combat climate change. Similarly, by improving land use, making transport more sustainable and changing energy patterns, we also protect biodiversity. The different strategies and action plans should therefore not be considered in isolation. Each, in its own way, will make a contribution to solving problems in other areas. It is important that the inter linkages are well understood and that policy answers are developed which integrate different aspects with a view to achieving win-win situations. The issue of inter linkages between trends is an area which still needs further development. The Commission assesses the impact of all its new major policy initiatives.

1. ADDRESSING CLIMATE CHANGE

Overall Objective

To limit climate change and its costs to society

Operational objectives and targets

- In March 2005, the European Council reconfirmed its aim **for a global surface average temperature not to rise by more than 2°C** compared to pre-industrial levels¹⁰ and that therefore concentration levels lower than 550 ppm CO₂ should guide global limitation and reduction efforts
- The EU-15 and most EU-25 Member States are committed under the Kyoto Protocol to targets for reducing greenhouse gases by 2008-2012. **The EU-15 target is for an 8% reduction in emissions compared to 1990 levels**
- To contribute to this ultimate aim, as agreed by the European Council in March 2005, the **EU will** explore with other parties, strategies for **achieving necessary emission reductions in greenhouse gases** and will consider, in this context, reduction pathways for the group of developed countries in order of 15-30% by 2020 compared to the baseline envisaged in the Kyoto protocol

Examples of Key Actions: Ongoing and Planned

- Development of EU Climate Change for the post 2012 world. Communication adopted February 2005, COM(2005) 35.
http://europa.eu.int/comm/environment/climat/future_action.htm
- Second phase of the European Climate Change Programme (ECCP). Launched October 2005.
<http://europa.eu.int/comm/environment/climat/eccp.htm>
- EU GHG Emission Trading Scheme, adopted January 2005, Directive 2003/87/EC.
<http://europa.eu.int/comm/environment/climat/emission.htm>
- 10-Year Implementation Plan for Global Earth Observation System of Systems (GEOSS) 2005-2015.
http://europa.eu.int/comm/research/environment/newsanddoc/article_2211_en.htm
- Green paper on energy efficiency, COM(2005) 265. Adopted June 2005.
http://europa.eu.int/comm/energy/efficiency/doc/2005_06_green_paper_book_en.pdf
- Energy Efficiency Action Plan. Adoption foreseen 2006.
http://europa.eu.int/eur-lex/en/com/cnc/2000/com2000_0247en01.pdf
- New and renewable energies. Communication on the support of electricity from renewable energy sources, based on implementation of Directive 2001/77/EC, COM(2005) 627. Adopted December 2005.
http://europa.eu.int/comm/energy/res/legislation/electricity_en.htm

¹⁰ Sources: IPCC 2nd Assessment Report, Council Conclusions 1996, COM(2005) 35, p. 3; European Council Conclusions March 2005.

- Biomass action plan. Adopted December 2005.
http://europa.eu.int/comm/energy/res/biomass_action_plan/index_en.htm
- Sustainable energy Europe campaign.
<http://www.sustenergy.org/>

2. PROMOTING GOOD HEALTH – PUBLIC HEALTH

Overall objectives

To promote good public health and improve protection against health threats

Operational objectives and targets

- To improve **protection against health threats** by developing capacity to respond to threats in a co-ordinated manner
- To further **improve food and feed legislation**, including review of food labelling
- To continue to **promote high animal health and welfare standards** in the EU and internationally
- To curb the increase in preventable life style diseases through **health promotion and prevention**
- To ensure that chemicals are produced, handled and used in ways that **do not pose significant threats to human health** and the environment by 2020
- To **improve information on environmental pollution** and adverse health impacts

Examples of Key Actions: Ongoing and Planned

- General Health Strategy as a follow up to Health and Consumer Programme 2007-2013, COM(2005) 115.
http://europa.eu.int/comm/dgs/health_consumer/index_en.htm
- The European Centre for Disease Prevention and Control, set up 2005, following Regulation (EC) No 851/2004.
http://europa.eu.int/comm/health/ph_overview/strategy/ecdc/ecdc_en.htm
- Strategy on HIV/AIDS. Expected adoption end 2005.
[http://europa.eu.int/comm/development/body/theme/human_social/docs/health/Programme%20for%20Action%20\(EN\).pdf#zoom=100](http://europa.eu.int/comm/development/body/theme/human_social/docs/health/Programme%20for%20Action%20(EN).pdf#zoom=100)
http://europa.eu.int/comm/research/health/poverty-diseases/aids_en.html
- Communication on pandemic influenza preparedness, COM(2005) 607.
http://europa.eu.int/comm/health/ph_threats/com/Influenza/COMM_PDF_COM_2005_06_07_F_EN_ACTE.pdf
- Communication on Generic Preparedness Planning for Public Health Threats, COM(2005) 605.
http://europa.eu.int/comm/health/ph_threats/com/Influenza/COMM_PDF_COM_2005_06_05_F_EN_ACTE.pdf

- Recommendation on improving patient safety by prevention and control of healthcare associated infections. Adoption foreseen 2006.
http://europa.eu.int/comm/health/ph_threats/com/comm_diseases_cons01_en.htm
http://europa.eu.int/eur-lex/en/com/cnc/2004/com2004_0301en01.pdf
- Follow up and implementation of White Paper on Food Safety, COM(1999) 719.
http://europa.eu.int/comm/food/food/intro/white_paper_en.htm
http://europa.eu.int/comm/dgs/health_consumer/library/pub/pub06_en.pdf
- Animal Health Strategy – Community Action Plan on the Protection and Welfare of Animals 2006-2010. To be adopted 2007.
http://europa.eu.int/comm/food/animal/diseases/strategy/index_en.htm
- EU Environment and Health Action Plan for the period 2004-2010, COM(2004) 416.
http://europa.eu.int/comm/environment/health/index_en.htm
- Council Regulation for the Registration, Evaluation and Authorisation of Chemicals (REACH), COM(2003) 644.
<http://europa.eu.int/comm/environment/chemicals/reach.htm>
http://europa.eu.int/comm/enterprise/reach/index_en.htm

3. COMBATING SOCIAL EXCLUSION AND ADDRESSING DEMOGRAPHIC CHANGE

Overall Objective

To create a socially inclusive society

Operational objectives and targets

- To pursue the setting of specific EU targets for reducing the number of people **at risk of poverty** by 2010 with special focus on the need to reduce child poverty, in the context of the OMC
- To support Member States in their efforts to **modernise social protection** in view of demographic ageing
- To significantly **increase the labour market participation** of women and older workers according to set targets, as well as increasing employment of migrants by 2010
- To continue **developing an EU legal migration policy**, accompanied by policies to strengthen the integration of migrants and their families
- To pursue **lifelong learning** and halve by 2010 the number of 18 to 24 year olds with only lower secondary education who are not in education and training

Member States are the main actors in achieving real results against these targets. The EU can support and complement Member State actions; the EU can facilitate exchange of best practice and act as a focal point for review of progress and promotion of further action. The Social Agenda outlines the EU actions with the aim of achieving full employment and an inclusive society.

The Commission and Council¹¹ outlined a strategy to tackle budget implications of ageing populations, under which Member States should reduce public debt levels to pre-empt the budgetary consequences of ageing populations, and undertake comprehensive labour-market reforms, including tax and benefit systems to reach higher employment rates, in particular among older workers and women, as well as ambitious reforms of pension systems in order to contain pressures on public finances.

Examples of Key Actions: Ongoing and Planned

- OMC on Social Protection and Inclusion. Ongoing.
http://europa.eu.int/comm/employment_social/social_protection/index_en.htm
- Community Action Programme on Employment and Social Solidarity ‘PROGRESS’, 2007-2013. To be adopted 2006.
http://europa.eu.int/eur-lex/en/com/pdf/2004/com2004_0488en01.pdf
- OMC on Education and Training (“Education and Training 2010”). Ongoing.
http://europa.eu.int/eur-lex/en/com/pdf/2004/com2004_0488en01.pdf
- Integrated Action Programme in the field of Lifelong Learning 2007-2013, COM(2004) 474. To be adopted 2006.
http://europa.eu.int/comm/education/programmes/newprog/index_en.html
- Communication on the demographic future of Europe. To be adopted 2006.
http://europa.eu.int/comm/employment_social/social_situation/green_paper_en.html
- A Health and Safety Strategy 2007-2012, communication to be adopted 2006.
http://europa.eu.int/comm/dgs/employment_social/index_en.htm
- Roadmap for equality between men and women, communication to be adopted 2006.
http://europa.eu.int/comm/employment_social/gender_equality/index_en.html
- Communication on non-discrimination and equal opportunities for all, COM(2005) 224 – European Year 2007.
http://europa.eu.int/comm/employment_social/fundamental_rights/index_en.htm
- European Year on tackling poverty and social exclusion 2010.
http://europa.eu.int/comm/employment_social/social_inclusion/index_en.htm
- The new generation of structural and cohesion funds, adopted 2004 - COM(2004) 493, COM(2004) 494, COM(2004) 495.
http://europa.eu.int/comm/regional_policy/funds/2007/index_en.htm
- Proposal to establish a European Migration Monitoring Centre. Adoption foreseen in 2005.
http://europa.eu.int/comm/justice_home/doc_centre/immigration/doc_immigration_intro_en.htm

¹¹ Council of the European Union (2001), ‘The contribution of public finances to growth and employment: improving quality and sustainability’, report of the Commission and the (Ecofin) Council to the European Council (Stockholm, 23 and 24 March 2001), 699/01; European Commission (2000), ‘Communication on the contribution of public finances to growth and employment: improving quality and sustainability’, COM(2000) 846.

- Green Paper on the future of the European Migration Network, COM(2005) 606. Adopted 2005.
<http://www.european-migration-network.org/>
- Follow-up to Communication on “A Common Agenda for Integration: Framework for the Integration of Third-Country Nationals in the European Union”, COM(2005) 389.
http://europa.eu.int/comm/justice_home/funding/inti/funding_inti_en.htm
http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2005/com2005_0389en01.pdf
- Action plan against Trafficking in human beings. Adoption end 2005.
http://europa.eu.int/comm/justice_home/fsj/crime/trafficking/fsj_crime_human_trafficking_en.htm

4. BETTER MANAGEMENT OF NATURAL RESOURCES

Overall Objective

Safeguard the earth’s capacity to support life in all its diversity, respect the limits of the planet’s natural resources and promote sustainable production and consumption to break the link between economic growth and environmental degradation.

Operational objectives and targets

- **Improve resource productivity:** get more output from each unit of resource used and reduce the environmental damage (noxious emissions to air, water and soil as well as overexploitation of land and other resources) caused by each unit
- Improve management and avoid overexploitation of **renewable natural resources** such as fisheries, biodiversity, forestry, water, air, soil and climate, restore degraded marine ecosystems by 2015 in line with Johannesburg Plan of Implementation agreed at the World Summit on Sustainable Development (WSSD) including to achieve **Maximum Sustainable Yield in Fisheries** by 2015
- **To consider how to reduce EU energy consumption** by 2020, given the 20% estimated cost-effective potential for savings in energy consumption. The Commission is launching a discussion on this
- 12% of energy consumption from renewable sources by 2010
- 21% of EU-25 **electricity consumption to be met by renewable sources** by 2010. This provides the basis for national indicative targets
- **Halt the loss of biodiversity** in the EU by 2010 and contribute effectively to significantly reduce the worldwide rate of biodiversity loss by 2010
- **Implementation and management of Natura 2000:** sites adopted by 2006 (marine sites 2010); sites designated and under effective management by 2010 (marine sites 2012)
- **Harness technological development** towards decoupling between economic growth and environmental pressure

Examples of Key Actions: Ongoing and Planned

- Environmental technologies action plan (ETAP), COM(2004) 38. Definition of the conditions for establishing environmental performance targets for key products, with

Member States and key stakeholders by 2007.

<http://europa.eu.int/comm/environment/etap/>

<http://europa.eu.int/comm/environment/docum/9842sm.htm>

- Action Plan for Sustainable Production and Consumption. Adoption foreseen 2007.
http://europa.eu.int/comm/environment/index_en.htm
- Thematic Strategy on the sustainable use of resources. Adoption December 2005.
<http://europa.eu.int/comm/environment/natres/>
- Thematic strategy on the prevention and recycling of waste. Adoption December 2005.
<http://europa.eu.int/comm/environment/waste/strategy.htm>
- Integrated Product Policy (IPP), follow-up to COM(2003) 302.
<http://europa.eu.int/comm/environment/ipp/home.htm>
- Greening of public procurement, including a proposed directive on public procurement of clean and energy efficient vehicles foreseen end 2005 and examination, with Member States, of how best to promote green public procurement for other major product groups, by 2007
<http://europa.eu.int/comm/environment/gpp/index.htm>
- Rural Development Strategic Guidelines, strategic guidelines, National Strategies and Rural Development Programmes for the period 2007–2013, COM(2005) 304. Adopted 2005.
http://europa.eu.int/comm/agriculture/capreform/rdguidelines/index_en.htm
- Thematic Strategy on Soil. Adoption foreseen in 2006.
<http://europa.eu.int/comm/environment/waste/strategy.htm>
<http://europa.eu.int/comm/environment/soil/>
- Thematic Strategy on air pollution, COM(2005) 446. Adopted September 2005.
<http://europa.eu.int/comm/environment/air/cape/>
- Protection of the marine environment including the Thematic Strategy on the protection and conservation of the marine environment and other actions. Adoption 2005.
<http://europa.eu.int/comm/environment/water/marine.htm>
- The EU Water Framework Directive - integrated river basin management for Europe, Implementation of Directive 2000/60/EC.
http://europa.eu.int/comm/environment/water/water-framework/index_en.html
- European Biodiversity Strategy. Adopted 1998. Communication on biodiversity strategy to be adopted 2006.
http://europa.eu.int/comm/environment/nature/nature_conservation/natura_2000_network/managing_natura_2000/index_en.htm
- Implementing multilateral environmental agreements. Ongoing.
http://europa.eu.int/comm/environment/international_issues/agreements_en.htm
- Green paper on maritime affairs. Adoption foreseen in early 2006.
http://europa.eu.int/comm/fisheries/maritime/index_en.htm

- Green Diplomacy Network. Ongoing.
http://europa.eu.int/comm/external_relations/env/
- EU Forest Action Plan. Adoption foreseen 2006.
http://europa.eu.int/comm/agriculture/index_en.htm

5. MAKING TRANSPORT MORE SUSTAINABLE

Overall Objective

Ensure that our transport systems meet society's economic and social needs whilst minimising their undesirable impacts on the economy, society and the environment.

Operational objectives and targets

- Improve transport **demand management** in order to reduce the negative effects of transport growth
- Achieve sustainable levels of transport energy use in line with other sectors and **reduce transport greenhouse gas emissions** proportionately more than transport energy use
- **Reduce pollutant emissions** from transport to levels that minimise effects on human health or the environment
- Ensure that the average new car fleet **achieves CO₂ emissions of 140g/km by 2008/09 and 120g/km by 2012**, as part of an integrated policy approach.
- Work towards the **introduction of Euro V emission standards** for light duty vehicles and introduce Euro VI for heavy vehicles
- By 2010 ensure that 5.75 % of transport fuel is **biofuels**
- Reduce **transport noise** both at source and through mitigation measures to ensure overall exposure levels minimise impacts on health
- Increase **road safety** by improving road infrastructure, encouraging road users to be more responsible and by making vehicles safer
- By 2010 **halve road transport deaths** compared to 2000
- By 2010 modernise the EU framework for **public passenger transport** services to encourage better efficiency and performance

Examples of Key Actions: Ongoing and Planned

- White paper "European transport policy for 2010: time to decide" and mid-term review, COM(2001) 370.
http://europa.eu.int/comm/energy_transport/library/lb_texte_complet_en.pdf
- EU strategy on CO₂ emissions from light duty vehicles. Communication on revised strategy to be adopted September 2006.
http://europa.eu.int/comm/environment/co2/co2_home.htm
- Promoting the use of biofuels and other renewable fuels for transport, Directive 2003/30/EC.

http://europa.eu.int/comm/energy/res/legislation/biofuels_en.htm
http://europa.eu.int/comm/energy/res/legislation/doc/biofuels/en_final.pdf

- Clean Urban Transport. Civitas II launched early 2005.
http://europa.eu.int/comm/energy_transport/en/cut_en.html
<http://www.civitas-initiative.org/main.phtml?lan=en>
- Thematic Strategy on the Urban Environment. To be adopted January 2006 – including a measure on sustainable urban transport plans.
http://europa.eu.int/comm/environment/urban/home_en.htm
- Transport infrastructure charging.
http://europa.eu.int/comm/transport/infr-charging/charging_en.html
- Third railway package to make rail more attractive, adopted 2004, including COM(2004) 140.
http://europa.eu.int/comm/transport/rail/package2003/new_en.htm

6. FIGHTING GLOBAL POVERTY AND PROMOTING DEVELOPMENT

Overall objectives

To actively promote sustainable development worldwide and ensure that the European Union's internal and external policies are consistent with global sustainable development and its international commitments

Operational objectives and targets

The EU will implement its commitments related to the international framework for sustainable development, whose building blocks are the World Summit on Sustainable Development (Johannesburg), the Monterrey Consensus, the outcome of the Millennium Review Summit and of the World Summit.

The EU will make a significant contribution to the Millennium Development Goals by 2015. These are:

- To **eradicate extreme poverty and hunger**
 - To reduce by half the proportion of people living on less than a dollar a day
 - To reduce by half the proportion of people who suffer from hunger
- To achieve **universal primary education**
 - To ensure that all boys and girls complete a full course of primary schooling
- To promote **gender equality and empower women**
 - To eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015
- To reduce **child mortality**
 - To reduce by two thirds the mortality rate among children under five
- To improve **maternal health**

- To reduce by three quarters the maternal mortality ratio
- To combat **HIV/AIDS, malaria and other diseases**
 - To halt and begin to reverse the spread of HIV/AIDS
 - To halt and begin to reverse the incidence of malaria and other major diseases
- To ensure **environmental sustainability**
 - To integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources
 - To reduce by half the proportion of people without sustainable access to safe drinking water
 - To achieve significant improvement in lives of at least 100 million slum-dwellers by 2020
- To develop a **global partnership** for development including developing further an open **trading and financial system**

To achieve these, the EU will in particular:

1) **increase aid volumes**; 2) improve the **quality, coherence and effectiveness of its aid**; 3) implement **EU strategy on Africa**; 4) **promote Conflict Prevention**; 5) implement the **EU Development Policy** – the European Consensus on Development; 6) ensure the **successful completion of the Doha Development Agenda** and its contribution to the MDGs and sustainable development, 7) implement the **GSP Plus**, 8) ensure its **regional and bilateral trade agreements contribute to sustainable development**, 9) **support global sustainable development**

Actions: Ongoing and Planned

- Accelerating progress towards attaining the MDGs, COM(2005) 132.
http://europa.eu.int/comm/development/body/communications/communications_en.htm
- EU Strategy for Africa, COM(2005) 489.
http://europa.eu.int/comm/development/body/communications/docs/eu_strategy_for_africa_12_10_2005_en.pdf#zoom=100
- Financing for Development and Aid effectiveness, COM(2005) 133.
http://europa.eu.int/comm/development/body/communications/docs/communication_133_en.pdf
- Policy Coherence for development, COM(2005) 134.
http://europa.eu.int/comm/development/body/communications/docs/communication_134_en.pdf
- General Affairs and External Relations Council (GAERC) Conclusions: The European Union Development Policy "The European Consensus", based on the Communication COM(2005) 311.
http://europa.eu.int/comm/development/body/development_policy_statement/index_en.
- Doha Development Agenda. Ongoing.
http://europa.eu.int/comm/trade/issues/newround/doha_da/index_en.htm

- Bilateral and regional trade agreements (such as Economic Partnership Agreements with the ACP countries). Ongoing.
http://europa.eu.int/comm/development/body/cotonou/index_en.htm
http://europa.eu.int/comm/trade/issues/bilateral/index_en.htm
- Harnessing globalisation – Actions.
http://europa.eu.int/comm/trade/issues/global/index_en.htm
http://europa.eu.int/comm/trade/issues/global/sia/index_en.htm
http://europa.eu.int/comm/trade/issues/global/csr/index_en.htm
- Implementation of EU commitments under the World Summit on Sustainable Development, EU Water Initiative, EU Energy Initiative, 10-Year Implementation Plan on international sustainable production and consumption practices. Ongoing.
http://europa.eu.int/comm/environment/wssd/index_en.html
- EU international programme for Action to confront HIV/AIDS, Tuberculosis and Malaria, 2007, COM(2004) 726.
http://europa.eu.int/comm/development/body/theme/human_social/pol_health3_en.htm

ANNEX 3

**THE 2005 REVIEW OF THE EU SUSTAINABLE DEVELOPMENT STRATEGY:
INITIAL STOCKTAKING AND FUTURE ORIENTATIONS**

*COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE
EUROPEAN PARLIAMENT
{COM(2005) 37}*

Foreword

Sustainable development is a fundamental objective of the European Union, but it is also a global challenge faced by our partners around the world. It raises the questions of how to reconcile economic development, social cohesion, north/south equity and protection of the environment. Its importance is reflected in the EU Treaty and taken up in the Constitution, which challenges the Union “*to work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment*”.

With rapid demographic changes, the next decades will put enormous and increasing pressure on the world's resources, whether in terms of climate change, natural resources, biodiversity, or the wealth gap between North and South. We must take action today in order to preserve for tomorrow the delicate economic, social and environmental balances governing the globe.

Europe's future can only be seen in this global context. The EU has already made significant efforts to promote sustainable development at home and internationally. By taking a proactive approach, the EU can turn the need for environmental protection and social cohesion into opportunities for innovation, growth and jobs. With the review of the sustainable development strategy (SDS) we recall our commitments to better define the structural changes needed in our economies and society, and set up a positive agenda to steer this process of change for better quality of life for all. To respond to this challenge, co-ordinated action and strong leadership is needed from the Union in order to shape solutions that can make a lasting difference to people in Europe and in every part of the world.

This is why at the start of this millennium the European Union engaged itself in a compelling agenda for change, to ensure that we start to face up to unsustainable economic, social and environmental trends. In 2000 the Lisbon Strategy set out an ambitious agenda of economic and social reforms to create a highly dynamic and competitive knowledge-based economy. In 2001 a broad Strategy for Sustainable Development was launched by the European Council in Gothenburg and in 2002 its external dimension was defined in Barcelona, ahead of the UN's World Summit on Sustainable Development in the summer of 2002. Each of these steps has been accompanied by important decisions and action to fulfil the commitments made. However, despite all this not enough progress has been seen; unsustainable trends have yet to start to reverse and the international stakes remain high.

The combination of the start of a new Commission and the arrival of a new European Parliament provides the right moment to take stock of progress and to push to accelerate the pace of change.

The first steps have been made. The Commission in proposing the Strategic Objectives for the Union over the next five years has reaffirmed its commitment to sustainable development. It has just proposed in the mid-term review of the Lisbon Strategy to make a renewed Lisbon agenda our strategy for growth and jobs; allowing us to use the motor of a more dynamic economy to fuel our wider social and environmental ambition. In this way, Lisbon remains an essential component of the overarching objective of sustainable development set out in the Treaty: improving welfare and living conditions in a sustainable way for present and future generations. As the Commission affirmed in the mid-term review: “*Both Lisbon and the Sustainable Development Strategy contribute to ensuring this goal. Being mutually*

reinforcing, they target complementary actions, use a range of instruments and produce their results in different time frames.”

Moreover, the review of the Lisbon strategy is accompanied by the launch also today by the Commission of an updated EU Social Agenda; an agenda mapping out the policies that can help to ensure a more cohesive continent and the further development of our social model in response to unsustainable trends. In this way, our Social Agenda is contributing in its own right to the goal of sustainable development. This Communication represents the Commission’s first step in reviewing the Sustainable Development Strategy in 2005. This report provides an initial assessment of the progress made since 2001 and outlines a number of future orientations, which can guide the review of the Sustainable Development Strategy which will be presented in a separate Communication to the European Parliament and Council later this year. This Communication builds on debate over the proceeding year, including the opinion of the European Economic and Social Committee last April and the results of a public consultation launched by the Commission last October¹².

The European Union has a broad, long term vision on its future. We believe in the strength and underlying values of our dynamic European model. We will ensure that the needs of the present and future generations can be met. This fundamental objective will transpire in all Union policies. Sustainable development requires action now. The European Union has the capacity, competence and creativity to make the changes needed. Europeans and all other citizens of the world can count on the Union’s commitment to ensure a sustainable future for all.

¹² A more detailed summary of the outcome of these exercises is set out in Parts 1 and 2 of the Commission staff working document, SEC(2005) 225. The full Commission report on the consultation results will shortly be available at http://europa.eu.int/comm/sustainable/pages/review_en.htm.

Part I: Sustainable Development – What is at stake?

1. INTRODUCTION

Sustainable Development – meeting the needs of the present generation without compromising the ability of future generations to meet their needs – is a fundamental objective under the Treaty on European Union¹³ and the Constitution. It is an overarching concept which underpins all Union policies, actions and strategies and requires economic, environmental and social policies to be designed and implemented in a mutually reinforcing way.

In an ever more globalised world, clear political leadership is necessary to promote a **dynamic European model** for today and in the future. The Commission is firmly committed to sustainable development and wants to set a positive agenda for change. Our future in Europe and in the world requires a long term vision and action across a wide range of policies. The Commission is convinced that we need to improve prosperity, solidarity and security in order to deliver a better quality of life for us and future generations. We need growth and more jobs, a cleaner and healthier environment. We need a more cohesive society where prosperity and opportunity is shared across the European Union and beyond. We need more innovation, research and education. We need to fulfil our global responsibilities and commitments. Our future prosperity and quality of life will depend on our capacity and commitment to change our production and consumption patterns and to decouple economic growth from environmental degradation.

Action on these issues cannot be confined to the Union alone. Sustainability remains a global challenge. This is why it is essential to show European leadership along twin internal and external tracks. This requires an integrated approach and reflects the fact that with globalisation and increasing interdependence between issues, the EU can only deliver fully on its key internal priorities if it succeeds at the same time on the world scene. Equally, the EU's ability to reflect its global commitments in all its policies is crucial if it is to turn words into deeds, maintaining its credibility as a world leader in the field of sustainable development.

While this Commission's mandate continues until the end of 2009, it has a clear obligation to look beyond that date in formulating policy. If we want to achieve our future goals, we must not wait until tomorrow; we have to take action now. Realising the long term vision calls for concrete objectives to steer long term trends as well as mechanisms to meet the goals set out, starting now. This Commission has already confirmed the relevance of its core strategic objectives of prosperity, solidarity and security to sustainable development¹⁴.

The EU first set out its commitment to sustainable development in June 2001. At this time the **Gothenburg** European Council adopted the EU Sustainable Development Strategy (SDS) on the basis of a Commission Communication. In 2002, the Commission presented a second Communication¹⁵ focussing on the external dimension of sustainable development, which was endorsed by the European Council in **Barcelona**. These texts together form the basis of the comprehensive EU Sustainable Development Strategy. The Commission has committed to review the

¹³ Art. 2 of the Treaty on European Union.

¹⁴ COM(2005) 12, 26.1.2005: "Strategic objectives 2005-2009 - Europe 2010: A partnership for European Renewal: Prosperity, Solidarity and Security".

¹⁵ COM(2002) 82, 13.2.2002: "Towards a global partnership for sustainable development".

Strategy at the start of each new Commission's term in office. This will be done in the course of 2005 on the basis of experience over the past four years.

The revised Sustainable Development Strategy will need to adopt a broader approach highlighting the structural changes in the economy needed to move towards more sustainable production and consumption patterns and covering unsustainable trends. With a further strengthening of the new approach to policy-making, the revised Strategy will reaffirm its three dimensional approach and also ensure the full integration and reinforcement of the external aspects of sustainable development. It will furthermore confirm the commitment made in the proposal on the financial perspectives 2007-2013 that sustainable development will be a guiding principle for EU policies.

2. THE EUROPEAN UNION'S APPROACH TO SUSTAINABLE DEVELOPMENT

The Strategy on Sustainable Development has the following components:

First, it sets out a **broad vision of what is sustainable**. The strategy's basic message is that, ultimately, the economic, social and environmental dimensions of sustainability must go hand-in-hand and mutually reinforce one another: *"Sustainable development offers the European Union a positive long-term vision of a society that is more prosperous and more just, and which promises a cleaner, safer, healthier environment - a society which delivers a better quality of life for us, for our children, and for our grandchildren"*¹⁶. Understanding the importance of and the interrelationships between these three pillars of sustainable development is crucial. The second, and arguably the most ambitious part of the strategy, seeks to **improve the way in which we make policies**, focussing on improving policy coherence and making people aware of possible trade offs between contradictory objectives so that informed policy-decisions can be taken. This implies careful examination of their full effects, including those of non-action notably through early impact assessment, and sending the right signals to the market by getting prices right. It also requires that EU policy makers take into account the global context and actively promote consistency between internal and external policies. Furthermore, it also calls for investment in science and technology to support the adjustments needed for sustainable development. Finally, the new approach to policy-making insists on improving communication and mobilizing citizens and business.

Third, it addresses a limited number of **trends that are clearly not sustainable**, such as the issues of climate change and energy use, threats to public health, poverty and social exclusion, ageing societies, management of natural resources, and land use and transport.

Finally, the global dimension expands on some of the international goals and focuses on the priority objectives identified in the EU contribution to the World Summit on Sustainable Development (WSSD). These are harnessing globalisation, trade for sustainable development, fighting poverty, social development, sustainable management of natural and environmental resources, improving the coherence of European Union policies, better governance at all levels and financing sustainable development.

3. WHY A REVIEW?

The Commission is already committed to review the strategy at the beginning of each new Commission's mandate. This has been welcomed by the European Council,

¹⁶ COM(2001) 264: "A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development", p. 2.

most recently in June and November 2004. In addition, a number of developments further underline the need for a review at this point in time:

- the worsening of unsustainable trends, notably, the growing pressure on natural resources, biodiversity and the climate as well as the persistent inequality and poverty and the increasing economic and social challenges posed by an ageing population;
- Europe's economic underperformance coupled with new competitive pressures triggered by continued globalisation and the emergence of newly industrialised countries (such as China, India and Brazil), signalling increased economic competition and possible shifts in national production structures, which have implications for sustainable development at a global level;
- new international commitments and negotiations which all have the potential to contribute to global sustainable development need to be matched by increased implementation efforts (such as the WTO Doha Development agenda, the Johannesburg plan of implementation decided at the WSSD, the Monterrey commitments on financing for development and the Millennium Development Goals);
- new security threats, such as terrorism (11 September 2001 and 11 March 2004 attacks), natural crises (flooding) and health scares (e.g. SARS) have led to a heightened sense of vulnerability. Moreover, there is a growing awareness of the need to take action against organised crime, corruption and racism;
- finally, the review should take account of the enlargement of the European Union to 25 Member States, the definition of national sustainable development strategies in most of the Member States and the greater involvement of local and regional authorities.

4. TAKING STOCK OF PROGRESS

While some progress has been made in implementing the Strategy and immediate results cannot be expected, it is clear that much remains to be done. There are few signs that most of the threats to sustainable development have been reversed. They require urgent and continued attention. While a more detailed account of progress can be found in the Commission staff working document¹⁷, a number of important developments can be highlighted.

- **Changing the way we make policies.** Since 2001 a “new way of policymaking” has been introduced to make policies more coherent and to create the right conditions to promote sustainable development.

Improving policy coherence

The integration of a number of horizontal principles of the Treaties in all EU policies is a central objective. An example of EU action to this end is the “Cardiff process”, which promotes integration of environmental concerns into sectoral policies. However, a first stocktaking in 2004 of the Cardiff process showed that progress has been limited so far.

A new Impact Assessment mechanism was introduced in the Commission in 2003 as one instrument to help improve policy coherence. It is designed to assess the economic, environmental and social impacts of major policy proposals in an

¹⁷ SEC(2005) 225.

integrated manner and to make the trade-offs between competing goals more explicit. To date, the Commission has produced over 50 Impact Assessments on a wide range of policies from proposals for the Re-Insurance Directive to policy orientations on the Common Market Organisation of Sugar, and the financing of Natura 2000. On the external side, sustainability impact studies have been initiated on all major trade negotiations.

Developing the open method of coordination

The open method of coordination can be a powerful instrument to promote exchange of good practice, involve and mobilize stakeholders and put pressure on Member States to adopt a more strategic and integrated approach and deliver more efficient policies. Common objectives and common indicators have, for example, been agreed by the Commission and the Member States in the areas of social inclusion and pensions. Most Member States have set quantitative targets for the reduction of poverty and social exclusion.

Getting prices and incentives right

Making sure that market prices reflect the true costs of economic activities to society will encourage changes in production and consumption patterns. To achieve this, market-based instruments like environmentally-related taxes, emission trading schemes and subsidies can be an effective complement to traditional regulatory measures. In this area, progress has been made in recent years at EU level, but decision making is still sometimes difficult, in particular in relation to taxation because of the unanimity requirement in the Council. Examples where the EU has applied market-based instruments include the 2003 Energy Tax Directive, which extends the Community system of minimum tax rates from mineral oils to other energy products, and the EU-wide allowance trading scheme for greenhouse gas emissions, which is in place since 2005 to help achieve the Kyoto reduction targets.

Investing in science and technology

Advances in knowledge and technological progress are key to achieving a balance between economic growth and social and environmental sustainability. There are many synergies to exploit between innovation for quality and performance and innovation to optimise energy use, waste and safety. More energy-efficient machines, for example, consume fewer natural resources and lead to lower emissions. Investments in new technology will also create jobs and growth. EU action in this field includes the sustainable development activities of the 6th Framework Programme for Research and Technology Development. The Environmental Technologies Action Plan promotes technology platforms on hydrogen and fuel cells, photovoltaics, sustainable chemistry, water supply and sanitation. The EU is also stimulating the take up of technologies having an impact on our social systems, for example, healthcare systems¹⁸.

Communicating and mobilising citizens and business

Civil society and the private sector play important roles in sustainable development. Several initiatives have been taken at EU level to encourage active involvement of these groups, and to improve the consultation processes and the mobilisation of stakeholders. Among other things the Commission has adopted minimum standards for stakeholder consultation and improved information on and participation in environmental decision making. It has also taken various initiatives to promote Corporate Social Responsibility.

- Unsustainable trends

Climate change and clean energy

¹⁸ See for example the recently adopted e-health action plan: making healthcare better for European citizens – an action plan for a European e-health area, COM(2004) 356.

In the last 100 years Europe's temperature has risen faster than the global average (0.95°C in Europe compared with 0.7°C globally); 8 out of 9 glaciers are retreating to a significant extent; extreme weather events - such as droughts, heat waves and floods - have increased¹⁹. Keeping the global temperature rise below the level at which more dangerous climate change becomes probable requires deep global cuts in greenhouse gas emissions. Certain estimates of damage caused by extreme events in 2002 indicate a loss of €25 billion²⁰. A reliable and affordable energy supply is far from commonplace in the developing world, where over 2 billion people rely on biomass (wood, waste, etc.) as their primary energy source and 1.6 billion lack access to electricity.

The European Climate Change Programme (ECCP) has served as a key vehicle to take action against climate change in Europe. It covers crucial energy initiatives and the recently launched EU-wide allowance trading scheme for greenhouse gas emissions, which started operating on 1 January 2005. The EU is also promoting a number of measures contributing to tackle climate change through its Regional Funds. However, while the latest available data show that by 2002 the EU-15 had reduced greenhouse gas emissions by 2.9% from 1990 levels, much more needs to be done in order to reach the Kyoto Protocol target of a 8% reduction from 1990 levels during the period 2008-2012. Internationally, the EU has also continued to play a leading role in promoting the ratification of Kyoto and in implementing the commitments made at the 2002 Johannesburg World Summit on Sustainable Development (WSSD). The EU has in this regard advocated the use of renewable energies worldwide, through the Johannesburg Renewable Energy Coalition. The EU Energy Initiative is a contribution to the WSSD, aiming to improve access to adequate, sustainable and affordable energy services in rural, peri-urban and urban areas.

In Europe, renewed commitment is given to make real progress on energy efficiency through a new Energy Efficiency Initiative.

Public health

The threats to public health in the EU have continued to increase since 2001. Life-style-related and chronic diseases increase rapidly worldwide with obesity showing the most alarming developments (10-40% increase during the last 10 years in most EU countries). The HIV/AIDS epidemic has globally reached its highest level of infections ever (39.4 million) and the proportion of newly reported HIV infections has more than doubled in Europe since 1996. Greater contact and mobility around the globe has increased the impact of health threats through infectious diseases such as avian flu and SARS. Bioterrorism is another new element. In developing countries, recent health and development gains have been reversed and the spread of major communicable diseases is a serious threat to their future development. The World Health Organisation (WHO) estimates that unhealthy environments every year cause the death of over 5 million children worldwide.

Examples of policy measures taken since 2001 include the funding of genome research to fight antibiotic resistance; the establishment of a joint EU surveillance and early warning networks for communicable diseases; the adoption of a proposal for a new EU regulatory framework for chemicals (REACH); the adoption of the European Environment and Health Action Plan 2004-2010; and the setting up of a

¹⁹ EEA report "Impacts of Europe's changing climate", August 2004.

²⁰ Munich Re, Geo risk research department, January 2004.

European Food Safety Authority (EFSA) and European Centre on Communicable Diseases (ECDC).

Internationally, EU financing to tackle diseases such as HIV/AIDS, Tuberculosis and malaria has increased substantially. Contributions have also been made to reduce the price of essential pharmaceutical products in developing countries.

Poverty and social exclusion

Poverty and social exclusion represent a growing problem. In the EU, around 15% of the population lives at risk of income poverty. The situation in some of the new Member States is of particular concern. Other worrying trends are the transmission of poverty and exclusion across generations and the disproportionate burden borne by certain population sub-groups (e.g. unemployed, single parents, disabled people, ethnic minorities). Worldwide, 2.8 billion of the world's 6 billion people live on less than € 2 per day.

EU Member States have agreed to co-ordinate their policies for combating poverty and social exclusion by setting common objectives, designing national action plans and evaluating these using common indicators to monitor progress. The European Commission is supporting this co-ordination process. European Regional Policy funding also contributes to this goal, for example, through investments in education, training and local employment.

To tackle the issue worldwide, the EU's development policy sets as its main objective to significantly reduce and, eventually, to eradicate poverty. A variety of actions have been taken within the framework of the new global partnership for poverty eradication and sustainable development established at the Doha, Monterrey and Johannesburg summits.

An ageing society

Population growth in the EU is projected to come to an end and a decreasing and ageing working population will have to support an increasing number of old people. The old-age dependency ratio is forecast to increase from 24% in 2004 to 47% in 2050.

Whereas increasing life expectancy is a major achievement, Europe's ageing society raises sustainability issues which need to be addressed. Neither migration nor a rapid increase in birth rates can avert a sharp rise in the share of older people in the population over the next two decades.

The Commission is working with Member States to modernize social protection systems to ensure that they remain financially sustainable and socially adequate. Measures also include prolonging the working lives of older workers. The target, established by the European Council in Barcelona, is for 50% of 55-64 year olds to be in work by 2010 and for the effective labour market exit age to be raised by 5 years by 2010. Apart from tackling the financial side, healthcare systems also need to evolve to cope with expected demand from the increased number of elderly people, in particular in order to improve access to healthcare. The Union is facilitating structured co-operation in this field and the exchange of good practice.

Management of natural resources

Rapid global population growth means that by 2010 there will already be 400 million more people on Earth compared to now, essentially located in urban areas. In a world of growing 'interdependence' we cannot continue to produce and consume as we are doing today. Bio-diversity is under threat. Worldwide, there are 15 500

species of plants and animals which face a high risk of extinction. Recent decades have already seen very significant losses in virtually all types of eco-systems and species (animals, plants, forests, fresh water, fertile land, etc). Fresh water is another precious natural resource under pressure. Overall, the global water crisis threatens lives, sustainable development and ultimately peace and security.

Policy actions taken to achieve the EU's target of halting the loss of biodiversity by 2010 include the reform of the Common Agricultural Policy and the Common Fisheries Policy, and the creation of the Natura 2000 network. A Communication on halting the loss of biodiversity by 2010 is in preparation. Measures to enhance resource efficiency include the EU Directive on waste electrical and electronic equipment and Commission Communications on integrated product policy. In the period from 2000-2006, the European Union is also deploying large amount of money from the Structural and Cohesion Funds to co-finance investments in favour of environmental infrastructures and the rehabilitation and maintenance of industrial, urban and natural sites.

International initiatives include the EU Water Initiative – “Water for Life” - as a follow up to the World Summit on Sustainable Development. The EU is also taking a leading role both in the Convention on Biodiversity and in the work to establish a ten-year framework of programmes on sustainable consumption and production.

Land use and transport

Despite the aim to decouple transport from GDP growth, the volume of transport continues to rise faster than GDP. This has impacts in a variety of areas, ranging from traffic congestion and health problems caused by air pollutants, to increased CO₂ emissions affecting the EU's targets on climate change.

The EU has initiated a number of policy initiatives to limit the negative effects of this trend in the growth in transport. It is encouraging a shift from road transport to modes with lower environmental impacts, such as clean buses, shipping and rail. The Commission has also proposed that Member States introduce infrastructure charging to influence transport demand, by moving towards a situation where prices paid by transport users reflect the full costs to society (e.g. the Euro vignette directive), but implementation remains limited. Moreover, significant progress albeit offset by increase in demand and volume of transport, has been made in vehicle and fuel technology, driven by EU legislation and initiatives. Finally, actions are being pursued to improve the urban environment and land-use management, for example through the EU Structural Funds programme “Urban II” and the Research Framework Programme. The Commission is also preparing a Thematic Strategy on the Urban Environment which is due to be published in 2005.

External aspects of sustainable development

In addition to the unsustainable trends listed above, promoting sustainable development at the global level has, inter alia, included the following EU actions:

– Harnessing Globalisation

Globalisation is the new context in which sustainable development has to be achieved. While it can be an important stimulus to sustainable development, the gains from globalisation are too often unevenly spread between and within countries and unregulated integration can have negative impacts on the environment and society as a whole.

The EU supports a coherent and integrated approach to questions relating to globalisation in WTO, International Financial Institutions (IFIs) and across UN bodies. It also wants to strengthen key bodies – such as, for example, the International Labour Organisation.

To effectively and equitably integrate the developing world into the global economy, the ongoing WTO-negotiations, the Doha Development Agenda (DDA), are essential. In the DDA-negotiations, the EU has since 2002 consistently been working to pursue its objectives in terms of the promotion of global sustainable development across the board on a large number of negotiating issues. Furthermore, since developing countries' efforts to integrate into the global trading system need to be effectively supported, trade related assistance (TRA) has been designated as one of the priority areas for the EU's development co-operation and the TRA dimension has been integrated in all the relevant levels of decision making on how to allocate funds. In addition, since the WSSD, the EU has also taken important steps to implement supportive action related to trade policy outside the scope of the DDA, inter alia, through pursuing its efforts to include a substantive element on sustainable development in all ongoing or future bilateral or regional negotiations.

– Better Governance at Global level

Good governance and the promotion of democracy are critical factors in reaching the Millennium Development Goals. The Millennium Declaration states that creating an environment that is conducive to development and to the elimination of poverty depends, inter alia, on good governance within each country, on good governance at the international level and on transparency in the financial, monetary and trading systems.

The Commission has addressed institutional capacity building, good governance and the rule of law in a Communication on Governance and Development, focusing on institutional capacity building and dialogue on governance in different types of country situations. Efforts have also been made to promote sustainable development in all existing international and regional cooperation agreements and policy instruments. In addition, strengthened international governance for sustainable development has been at the heart of EU's efforts to develop effective multilateralism.

- Financing for development (FfD)

To reach the Millennium Development Goals, financing is needed. However, the UN target of 0.7% Official Development Assistance (ODA) of Gross National Income (GNI) is still far from being fulfilled.

The EU defined its contribution to the "Financing for development process" in eight explicit commitments, endorsed by the European Council in Barcelona on 14 March 2002. The latest monitoring report forecasts that aid levels in the enlarged EU (25 Member States), as a whole, will exceed its intermediate target of 0.39% ODA/Gross National Income (GNI) and provide 0.42 % of its GNI in ODA by 2006, or an estimated € 38.5 billion. The total volume of additional resources mobilised during 2002–2006 is € 19 billion.

Part II: Responding to the challenges

5. FUTURE ORIENTATIONS

In the light of the continuing challenges, Europe must not only stand by its commitment to a long-term agenda for sustainable development and a better quality of life, but also to find ways to tackle these more effectively.

5.1. Reaffirm the basic principles of the European Union Sustainable Development Strategy

The concept of sustainable development and the complementarity between the Sustainable Development Strategy and the Lisbon Strategy have been clarified in the foreword.

Beyond that, the review will confirm the quintessential **three-dimensional nature** of sustainable development as the cornerstone of the strategy, i.e. a development that can only be achieved if economic growth, social inclusion and environmental protection go hand in hand, both in Europe and in other parts of the world.

The review will also take into account **the EU's contribution to global sustainable development** in two ways: first, by addressing the international aspects of the six unsustainable trends addressed by the strategy; second, by integrating into it the external EU policies that contribute to global sustainable development. In doing so, the EU will reconfirm and strengthen its commitment to take a leading role in driving the sustainable development agenda at global level.

5.2. Reaffirm the new approach to policy making and policy coherence

The review will re-enforce the '**new approach to policy making**' as the central means of placing sustainable development at the core of EU policy-making. In particular, the future EU Sustainable Development Strategy will give a further boost to the different components of the EU's Better Regulation agenda, including impact assessment, stakeholder consultation and regulatory simplification.

This means that sustainable and cost-effective policy making will continue to be promoted through Better Regulation, including a more effective implementation of a **balanced Impact Assessment mechanism** covering both new internal and external Commission policy initiatives. In addition, sustainability impact assessment studies will continue to be applied to major trade agreements. While the tool has recently been refined to take account of first lessons learned²¹, continued attention will be given to possible ways to further improve the method, particularly with regard to the economic, social and environmental aspects of sustainable development. In this respect the Commission also intends to improve consultation of stakeholders on EU policies. Furthermore, attention will also be paid to the importance of ensuring adequate follow-up to the Inter-Institutional Agreement with the European Parliament and the Council²² (e.g. to the need for European Parliament and the Council to apply the same principles and standards regarding impact assessment when it comes to impact assessment of substantial amendments to Commission proposals).

²¹ Ref. Impact Assessment: Next Steps – in support of Competitiveness and Sustainable Development, SEC(2004) 1377, 21.10.2004.

²² Interinstitutional agreement on better lawmaking, OJ C 321, 31.12.2003, p. 1.

Also included under the new approach is the **open method of coordination**, notably in the fields of social inclusion, access to the labour market and social protection where this method plays a key role in modernizing social protection systems. As part of the new approach to policy making, the Commission will continue to promote the use of **market-based instruments** to reflect the true costs of resource use and its environmental impact to society. For example, Member States will be invited to look at how they could shift the burden of taxation onto the causes of environmental damage and away from labour. The review will also further emphasize the importance of investments in **science and technology** for sustainable development. Possible means to further promote eco-innovations include the EU's research programme, the Commission's Innovation Policy, as well as public procurement. Exchanging information with external partners on sustainable research, science and technology will also be promoted.

5.3. Maintaining a focus on key unsustainable trends and exploring the linkages between unsustainable trends in greater detail

The review will maintain the Strategy's focus on **main trends that pose a threat to sustainable development**. Many of these trends can only be tackled through continued action over a long period of time and will involve major structural changes in the functioning of our societies and economies. However, this should not be an excuse for inaction in the short run.

The review will therefore include **a thorough assessment of the unsustainable trends covered in the current strategy** with a view to identifying objectives and necessary actions for the years to come. The priority areas identified in 2001 should also be brought into line with the international commitments made by the EU at the World Summit on Sustainable Development, the UN conference for Financing for Development as well as the UN Millennium Declaration and other related multilateral agreements and commitments undertaken by the EU. Moreover, they will be updated to reflect the accession of ten new Member States to the EU – and the prospect of further enlargement in the not too distant future – which poses new challenges for the Union's capacity to address the unsustainable trends. In this context, the review will also examine the case for adding a limited number of new or not previously considered trends, including economically unsustainable trends.

Finally, the review will pay greater attention **to identifying inter-relationships between the selected unsustainable trends**. It will seek to maximize positive synergies and reduce trade-offs. For example, by promoting a shift in transport from road to rail it is possible to reduce greenhouse gas emissions and reduce congestion at one and the same time (creating a 'win-win' situation). Another example would be how investment in fundamental technological change could result in better competitiveness and at the same time improve environmental quality and social cohesion.

5.4. Setting objectives, targets and milestones

The approach taken in the 2001 strategy was to define medium-term headline objectives relating to each of the unsustainable trends and to identify a number of measures intended to address these. The review will confirm the need for clearer objectives, targets and related deadlines as a way of giving focus to action in priority areas and enabling progress to be measured.

Although the trends represent long-term problems that will need long-term solutions, the only way to ascertain that society is moving in the right direction is by setting clear intermediate targets and measuring progress. Setting long-term objectives, therefore, must not come to mean postponing action.

The revised strategy will therefore present new headline objectives for each of the unsustainable trends and set the intermediate milestones which will allow the EU to monitor actual progress. The operational objectives and action plans will be identified within the relevant internal and external sectoral policies which will also be the main vehicles for implementation and monitoring of the policy initiatives, including international commitments agreed under the Millennium Declaration and the Barcelona and Monterrey summits.

5.5. Ensuring effective monitoring

The decision in Gothenburg to ensure yearly monitoring of the strategy at the Spring European Councils has fallen short of expectations. A reinforced reporting system will be developed in the review. It will focus on the short and medium-term delivery of the strategy's objectives, combining and simplifying as far as possible current reports on sustainable development issues. The institutional responsibilities (particularly the roles of the European Council and the European Parliament) in the monitoring process will also be made clearer.

Monitoring will take place in particular on the basis of sustainable development indicators developed by the Commission. These will draw on, among other things, the various indicators developed within the sectoral policy processes and the synthesis already made from these in the set of structural indicators which have monitored progress towards the targets set as part of the Lisbon reform agenda. More effort will also be put into developing future models, forecasts and further gathering of scientific data to help effective monitoring.

5.6. Strengthen ownership and improve co-operation with public and private actors at all levels

Further action is needed to raise awareness, mobilise and involve stakeholders at all levels. It must be clear who is responsible for what action at what point in time and who will bear the costs. To this end, the Commission will explore how to create effective partnerships with industry, trade unions, non-governmental organisations and consumer interests, particularly with a view to discussing ways of helping to curb the unsustainable trends identified in the context of the review.

More consistency will be sought between EU, global, national, regional and local initiatives to promote sustainable development. Possible actions will include identifying common priorities under each of the headline objectives; starting a process of mutual learning with Member States and/or regions; and setting up mechanisms for the permanent exchange of information on best practice.

The Union will also need to step up its efforts to stimulate further action in other parts of the world, both in industrialised countries and countries in transition, and in the developing world. The Commission will strive to develop the dialogue on sustainable development objectives with partners outside the EU, notably administrations and civil society in third countries as well as international organisations and NGOs focused on global issues.

6. NEXT STEPS

The Commission invites the European Council, the Council, the European Parliament, Member States, regional authorities and all parts of civil society to comment on the proposed orientations for the strategy. An initial opportunity for discussion will be the holding of the stakeholder forum organised by the European Economic and Social Committee on 14 and 15 April 2005. The Commission will then present a proposal for a revised sustainable development strategy for the Union later this year.