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Til underretning for Folketingets Europaudvalg vedlægges Formandskabets kommenterede dagsorden vedrørende Det Europæiske Råds møde i Bruxelles den 25.-26. marts 2004, 6351/04.

*P. H. Olsen*  

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**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 17 February 2004**

**6351/04**

**POLGEN 7**

**NOTE**

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**From :** The Presidency

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**To :** Permanent Representatives Committee/Council

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**Subject :** *European Council (25/26 March 2004)*  
– *Annotated draft agenda*

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According to the Seville European Council Conclusions the General Affairs and External Relations Council, acting on a Presidency proposal, shall draw up an annotated draft agenda at least four weeks before the meeting of the European Council. The Presidency accordingly submits the following annotated draft agenda.

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The Presidency intends to limit the agenda to the following items:

- I. The Lisbon Strategy: Priorities
- II. IGC: Report from the Presidency
- III. International Situation (*as necessary*)
- IV. Other Business

The meeting will be preceded by an exposé by the President of the European Parliament, Mr. Pat Cox, followed by an exchange of views.

## **I. THE LISBON STRATEGY: PRIORITIES**

*(see draft conclusions attached)*

## **II. INTERGOVERNMENTAL CONFERENCE**

The Presidency is expected to report to the European Council on the prospects for progress on the basis of consultations conducted according to the mandate by the December 2003 European Council.

## **III. INTERNATIONAL SITUATION**

*(as necessary)*

## **IV. OTHER BUSINESS**

### **Residence Palace**

The European Council is expected to take a decision on using the Residence Palace building for its meetings.

# **Draft Presidency Conclusions European Council 25/26 March 2004**

## **MEETING THE LISBON CHALLENGE**

1. Meeting the expectations of Europe's population for improved living standards and a better quality of life requires strong economic growth with a high degree of social cohesion and environmental protection.
2. The Union set itself ambitious goals in March 2000. Four years later, the picture is a mixed one. Considerable progress has been made and the European Council reaffirms that the process and goals remain valid. However, the pace of reform needs to be significantly stepped up if the 2010 targets are to be achieved. The European Council is committed to demonstrating the political will to make this happen.
3. The message from this European Council is one of determination and confidence. The challenges ahead are formidable but Europe has the will and capacity to achieve its economic potential. Enlargement will stimulate the European economy, and the Lisbon process will benefit from the experience and contribution of the new Member States.

### **Delivery**

4. The Lisbon Agenda is based on a consistent approach: between the actions of the Union and those of the Member States, and also between the different areas of policy – economic, social and environmental. Individual measures must be mutually reinforcing and reforms must be pursued across all areas. The European Council took full account in its discussions of the Synthesis Report from the European Commission and of the key messages from all the relevant Council formations. It will keep under close review the detailed actions being taken to progress implementation across the range of sectors.
5. The European Council agrees that the critical issue now is the need for better implementation at EU and Member State level of commitments already agreed. The credibility of the process requires a speedy translation of agreements and policy making at EU level into practical measures. The European Council focuses in particular on the need to address the unacceptably high deficits in transposing agreed measures into national law, and also on completing the legislative programme arising from the Lisbon Agenda.
6. The most important policy issues that deliver higher growth and employment must be prioritised. Accordingly, this year's Spring European Council focuses on two issues: sustainable growth and more and better jobs.

## **SUSTAINABLE GROWTH**

### **(i) Sound Macro-economic policies**

7. The main economic challenge facing the European Union is to realise its growth potential. The economic recovery that started in the second half of 2003 is gathering pace. This improvement in the world economy provides a real opportunity for the European Union and its Member States to accelerate the reform process.
8. Well-managed public finances and price stability are two key bases on which to build a sound macroeconomic environment. Encouraging the expansion of world trade and improving economic relationships between major trading partners will help us build on this sound basis. Member States must ensure that the budgetary consolidation process continues in order to achieve budgets that are close to balance or in surplus, and to reduce Government indebtedness in line with the discipline of the Stability and Growth Pact.
9. Structural reforms also contribute significantly to increasing growth and employment through a positive impact on confidence and through promoting a better allocation of resources.
10. The long-term sustainability of public finances is also important if we are to meet the demands of an ageing population. Increasing employment rates, and pension and healthcare reform, will help. A number of Member States have introduced significant employment and pension reforms successfully and several are also seeking a better return to the public in terms of healthcare delivery. A more widespread implementation of such initiatives is essential.
11. The European Action for Growth, adopted at the European Council in December 2003, sets out a roadmap for increased investment in physical and human capital to complement structural reform. The 'Quick Start Programme' established as part of that initiative requires serious engagement by Member States, as well as project promoters, to ensure that the projected investment in the Transport, Broadband, Research, Innovation and Development projects is undertaken in a sustained and timely way. The Member States and the European institutions must maintain momentum in improving the policy and regulatory environment for the initiative. The European Council will review progress at its Spring 2005 session.

### **(ii) Environmentally Sustainable Growth**

12. Growth, to be sustainable, must be environmentally sound. It is vital, through better policy integration and more sustainable consumption and production patterns, to decouple economic growth from negative environmental impacts.

13. Environmental technologies can help: they contribute to technological innovation and in addition, they can increase competitiveness, unlock potential markets and ultimately create new, highly skilled jobs. Saving energy in industrial processes will contribute to addressing the challenge of climate change while reducing overall costs for society and consumers in general. The Council therefore calls for the rapid implementation of the Environmental Technologies Action Plan.

**(iii) Social Cohesion must be central**

14. A high level of social cohesion is a key aspect of the Lisbon Agenda. Strategies which make a decisive impact on the eradication of poverty are therefore essential. Modernising social protection systems and mainstreaming the social inclusion agenda through implementing national action plans will also help foster greater social cohesion.

**(iv) Competitiveness and Innovation**

15. The European Council emphasises that competitiveness and innovation are defining conditions for growth. With the strides being made by other global players, the Union must act more decisively if it is to maintain the capacity to support the European social model in the years ahead.
16. The European Council focuses on three specific priorities to enhance European competitiveness: institutional arrangements to enhance competitiveness, specific steps to make the internal market more vibrant, and better regulation.
17. The Competitiveness Council was established as part of the package of reforms agreed at the Seville European Council. It must now move forward rapidly to champion and drive a clear and integrated response to the competitiveness challenges facing the Union. In the formation of the next Commission, the incoming President will wish to consider how to ensure the competitiveness agenda is effectively supported.
18. The internal market is one of the Union's greatest achievements. However, the market remains highly fragmented in the services sector, which accounts for 70% of GDP in the EU and around 70% of employment. More competition is required to improve efficiency, increase output and employment, and benefit consumers. The European Council welcomes the Commission proposal for a Directive on Services, and calls for a general agreement before the 2005 Spring European Council, in line with the timeframe set out in the Directive.
19. An effective single market for Financial Services will provide more and cheaper capital, including much needed venture capital. Much of the Financial Services Action Plan has been agreed. The European Council calls for the remaining elements – the proposed Directives on Investment Services and on Transparency – to be finalised before the end of the current Parliament.

20. Progress is also urgently required on intellectual property rights. The European Council sets a deadline for final agreement on the Community Patent by [ ] and for political agreement on strengthening enforcement of intellectual property rights.
21. High levels of regulation and business start-up costs impact adversely on new and existing businesses and thereby on the level of competition and the rate of economic growth in Europe. Better regulation at both European and national levels will achieve desirable policy objectives at the lowest cost to business and society. The European Council welcomes the recent four-Presidency initiative to address the issue of better regulation and supports an agreed programme to drive this forward over the coming year.
22. A particular priority is to ensure strengthened business investment in R&D. By comparison with performance elsewhere, the relative weakness of private sector investment in R&D within the Union is striking. Part of the answer lies in ensuring that public sector investment in this area secures greater leverage of private funds. The European Council also calls on Member States to consider targeted supports and incentives to encourage greater R&D investment by business.
23. The overall aim for Europe must be a strong science and research capacity and accelerated public and private sector investment in R&D. Human resources are critical in this regard: in particular, the need to have more high quality researchers completing third/fourth level university education and working in Europe. The European Council calls for the speedy adoption of the forthcoming draft Directive on the mobility of third country researchers.
24. The main European instrument in the research area is the European Framework Programme for Research and Development. This programme must be simplified to make it more user-friendly for industry and science. The priorities should be to promote cooperation between business and research, to boost future technologies, and to support basic and applied research.

### **MORE AND BETTER JOBS**

25. Delivering more and better jobs is the most urgent issue to be addressed over the coming year. Higher employment rates are critical to achieving economic growth and, given the strong correlation between unemployment and poverty, to furthering social inclusion. An overall EU unemployment rate of more than 8% is unacceptable.
26. The European Council is concerned to see urgent action on implementing the recommendations of the Employment Task Force chaired by Mr. Wim Kok. It welcomes the full incorporation of the Task Force policy messages in the analysis and assessment contained in the Joint Employment Report.

27. The European Council emphasises that within an overall employment strategy, Member States should give urgent attention to three particular structural challenges: adaptability, attracting more people into the labour market, and investing in human capital.
28. Adaptability means that obstacles to flexible forms of work must be removed, while ensuring adequate security for workers.
29. Attracting more people into the labour market means ensuring that the interaction between taxes and benefits is such that working brings a clear financial reward. It also means developing specific strategies to encourage the participation of women and older workers. Attracting more women into employment requires addressing gender disparities in pay and creating more family friendly workplaces. Retaining older workers requires the right legal and financial incentives.
30. Investing in human capital is critical to growth and productivity as well as to promoting social integration and inclusion. If the EU is to become the leading knowledge based economy in the world, education and training will play a vital part. The European Council underlines the need for reform and investment in the key areas for the knowledge society.
31. The challenge now is follow up. Real progress must be made over the coming year. At its Spring 2005 session, the European Council will review progress in the course of the year. The Council is invited to present a concise report in preparation for that discussion. The report should focus in particular on strengthening the role of country-specific recommendations within the European Employment Strategy.

### **Enhancing Free Movement for Workers**

32. A single labour market is at the centre of development of the EU. The European Council therefore welcomes significant progress in a number of areas, which are crucial to promoting mobility within the European Union.
  - The reform of regulation 1408/71 to simplify and modernise the provisions protecting the social security rights of workers moving within the Union is expected to be finalised within the lifetime of the current European Parliament.
  - The European Health Insurance Card, which will simplify procedures covering health treatment in another Member State, will become operational in June 2004.
  - The regulation on the mutual recognition of professional qualifications should be the subject of political agreement in the Council by June 2004.
  - The Europass, which is a single European framework for the transparency of qualifications and which will facilitate the recognition of qualifications across the Member States, should be the subject of political agreement by June 2004.

## **BUILDING PARTNERSHIPS FOR REFORM**

33. Support and advocacy for change must reach beyond governments. In order to generate this support, the European Council calls on Member States to build Reform Partnerships involving the social partners, civil society and the public authorities, in accordance with national arrangements and traditions. Such national reform partnerships should promote complementary strategies for change. The strategies should address the broad range of policies - economic, social and environmental - encompassed by the Lisbon Agenda. These strategies should be reflected in clear national policies and objectives.
34. The national Reform Partnerships should also be consulted by Member States in the course of preparing their national contributions to the mid-term review of the Lisbon Agenda (see paragraphs 37 - 40).
35. At EU level the progress of Member States in implementing structural reform and more inclusive labour market policies can be boosted by strengthening the role of benchmarking and comparisons of best practice and of the country-specific recommendations within the European Employment Strategy
36. The social partners at EU level are now closely involved in progressing the Lisbon objectives, through the Tripartite Social Summit. The European Council welcomes the report presented by the social partners on action taken by their organisations at national level to implement the Employment Guidelines. Further action is now required to boost the direct involvement of, and action by, the social partners in advancing the Lisbon strategy. The European Council welcomes the commitment of the social partners to deepening this process through a new European Partnership for Change in order to promote growth and accelerate employment and productivity.

## **LOOKING FORWARD TO 2005**

37. The continuing validity and relevance of the Lisbon process is not in doubt. 2005, the midpoint of the decade, is an appropriate point for an in-depth review of delivery. In this context, the European Council takes note of the Commission's intention to set up a road map to reinforce the Lisbon strategy and improve its implementation.
38. The mid-term review should consider how the Lisbon targets can best be met, particularly in light of enlargement. The review should include an assessment of:
  - measures necessary in the new economic and geopolitical climate to increase the level of growth and to achieve the goal set in March 2000;
  - the measurement of European performance in the global context;

- the progress made towards targets which were agreed in the various sectoral areas, as well as the range of structural indicators and benchmarks used to measure the performance of Member States;
  - governance and other measures and instruments available both to Member States and the EU to attain the Lisbon goal;
  - mechanisms for communicating the objectives of the Lisbon strategy to consumers, citizens and key stakeholders.
39. The European Council invites the Commission to establish a high-level group headed by [...] to carry out an independent review along the lines set out above. Its report should identify measures to be adopted which will strengthen the Lisbon Agenda and achieve its objectives and targets. The group should be composed of a limited number of highly qualified individuals able to reflect the views of all stakeholders. It should report to the Commission by 1 November 2004, in time for the annual Spring Report to be submitted to the 2005 Spring European Council. Its report will be made public.
40. The European Council also invites each Member State to make a contribution to the mid-term review by reporting on the national experience of implementation of the Lisbon Agenda. These national reports will be taken into account by the Commission in preparing its report on the Mid Term Review.