

European Economic and Social Committee

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**IMPROVING THE
IMPLEMENTATION OF
THE LISBON STRATEGY**

Brussels, 27 October 2004

OPINION

of the European Economic and Social Committee

on

Improving the implementation of the Lisbon Strategy

(Referral)

Rapporteur: **Mr Bruno Vever**

Co-rapporteurs: **Mr Ernst Ehnmark, Mr John Simpson**

On 25/26 March 2004, in its (Presidency) conclusions, the European Council invited the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, to examine ways and means for

Improving the implementation of the Lisbon Strategy.

The Section for Economic and Monetary Union, Economic and Social Cohesion, on the basis of the work carried out by a Lisbon Strategy Steering Group, adopted its opinion on 7 October 2004. The rapporteur was Mr Vever; the co-rapporteurs were Mr Ehnmark and Mr Simpson.

At its 412th plenary session on 27 and 28 October 2004 (meeting of 27 October), the European Economic and Social Committee adopted the following opinion by 169 votes for, 4 against and 8 abstentions .

1. Preface

1. The European Economic and Social Committee welcomes the fact that the European Council of 25 and 26 March 2004 invited it to examine ways and means for more effective implementation of the Lisbon Strategy, which is now at the halfway point.

2. The Committee recalls that from the outset, the Lisbon mandate of 24 March 2000:

- emphasised the need to actively involve the social partners and civil society with the strategy, using variable forms of partnership;
- specified that its success depends primarily on private sector and public-private partnerships;
- aimed at a balanced development of its three strands, i.e. economic growth, social cohesion and environmental sustainability, by stimulating European competitiveness and job creation whilst at the same time building on appropriate environmental policies.

3. Throughout its debates, hearings and opinions over recent years, the Committee has consistently underlined the importance of the Lisbon Strategy for the economic and social future of the Union, and called upon all the socio-occupational players to play an active part in it. In particular, the Committee has recently adopted opinions on European business competitiveness¹, the sustainable development strategy², better economic governance³ and employment support measures⁴. The Committee has continuously underlined that the Lisbon Strategy objectives will not be achieved without the full involvement of civil society.

4. In response to the European Council's invitation, the Committee, while referring to its recent positions regarding the Lisbon Strategy, has:

- involved all its specialised sections in this task;
- sought the views of the economic and social councils of the Member States and of major European organisations representing organised civil society;
- held a hearing in Brussels on 9 and 10 September for this purpose.

2. Overall appreciation

1. The Lisbon Strategy is best known, in a reductive manner, as a commitment to make Europe into the world's most dynamic competitive, knowledge-based, economy.

2. This abbreviated description of the Lisbon Strategy has been repeated frequently but not always with an understanding of the scope and the full implications.
3. The Lisbon Strategy is a very ambitious vision for the whole of the society of the European Union. The formulation of the strategy is a restatement of the fundamental objectives of the Union, now on the larger scale of a Union of 25 Member States.
4. The Lisbon Strategy is not:
 - a concept only for professional economists;
 - an ambition for the "Brussels establishment" working alone;
 - a narrow perspective relating only to economic change;
 - an ambition that can be viewed as inconsistent with sustainable development;
 - a concept that ignores the social effects of economic growth.
5. The Lisbon Strategy, when properly presented and understood, is:
 - a method of shaping the future of Europe;
 - a strategy to maintain and enhance the quality of life for the citizens of Europe;
 - needed to exploit the new opportunities of the knowledge-based economy;
 - a recognition that maintaining employment and improving living standards on the one hand, and competitiveness on the other, calls for a new dynamic;
 - a strategy to promote synergies between economic, social and environmental measures;
 - a strategy to build on the past success of the European Union;
 - capable of sustainable economic growth with more and better jobs and greater social cohesion.
6. In the evolution of the Lisbon Strategy, the search for competitiveness and growth is a critical feature in generating improved economic well being, creating employment, protecting the quality of lifestyles as well as improving them. In turn, better quality of life, social improvements and environmental sustainability may also create growth. In consonance with economic progress achieved through Lisbon, it will be possible to improve the support offered to those sections of the European population that are below the poverty line, broadening the application of social inclusion, and taking account of the sustainability of these achievements for later generations.
7. To argue that the Lisbon Strategy is only about competitiveness is to misunderstand the thesis.
8. The Committee would firstly note that the Lisbon Strategy has already enabled a number of positive developments to begin emerging over the last five years, including:
 - an awareness of the need for reform that goes beyond traditional divisions;
 - accelerated expansion of information technologies and innovation processes;
 - increased support for starting up businesses and financing SMEs;

- greater concern for sustainable development designed to lower public deficits, restore stability to the social protection budget and protect the environment;
- initiatives on the part of social partners in social reform;
- measures to simplify legal and administrative procedures, albeit of limited scope.

9. Despite these positive points, the main observation is that the last five years have been disappointing when viewed against the ambitions voiced at Lisbon. Europe, caught between its great industrialised competitors and emerging low production cost economies that are making greater use of new technologies, is facing ever increasing competitive challenges. Several indicators give cause for concern, such as:

- weak domestic demand, low investment and flagging growth in the European Union, at around 1% per annum on average between 2001 and 2003;
- the failure to achieve employment targets, declining quality of employment and loss of job security;
- accelerating closures and relocations of European production sites;
- a significant exodus to third countries of researchers and young people who have completed their studies;
- continuing or even worsening public deficits in several Member States;
- widely disparate taxation rules and tax rates for businesses;
- the growing cost of social protection and accelerated demographic ageing and increasing vulnerability of some groups;
- the trend towards specialising in products which does not correspond to what would normally be expected from a knowledge economy.

10. At the same time, the Lisbon Strategy reforms are lagging behind:

1. At European level, the 25 Member States undertook to complete the single market in several areas (energy, services, public procurement, trans-European networks, adaptation of public services), but balk at implementing the necessary measures within the timeframe.
2. At national level, results vary, with shortcomings concerning mostly:

- the structural complexity of regulations and administrative procedures;
- a persistent mismatch between labour supply and demand;
- excessively high rate of early retirement, in spite of commitments;
- educational systems;
- insufficient provision of lifelong learning possibilities;
- research spending that has generally diminished further, rather than increasing to the Lisbon target of 3% of GDP;
- insufficient attention to the societal problems raised by the need for innovation.

3. The new Member States must often overcome additional handicaps due to a development gap, for example in employment, technologies or the environment, although these handicaps are sometimes also offset by renewal measures which are more radical than in the EU-15. Among the latter, the northern countries have in general made greater progress

in their reforms than their southern counterparts. The same general observation applies to Member States that have managed to bring their budgets into balance, compared with those that have allowed the deficit to grow. Even the more advanced Member States are experiencing certain delays in some areas in comparison to more high-performing third countries. The object of reform is not simply to do better than before but to do better than elsewhere.

11. The Lisbon Strategy is therefore caught in a vicious circle: low growth complicates the implementation of reform whilst delays in reform further inhibit growth and employment. The reforms implemented thus far have been mainly concerned with the supply side of the economy. They have not been successful since they have not been matched by sufficient demand.
12. At the Spring Summits, the Member States have seemed to favour new debates on the objectives already set at Lisbon – even if it means adding yet more recommendations – rather than a rigorous assessment of the state of play on reforms that are actually under way, and a clear commitment by means of deadlines on outstanding actions. All too often, they fail to explain clearly in Brussels what they are doing at home, or in which areas they have failed to reach targets agreed in Brussels. Multiplying reform aims, commitments and participating states, have been matched by an equivalent number of shortcomings as regards co-responsibility, implementation, and coordination and a corresponding economic impact and impact on jobs.
13. There is therefore the risk of failing to apply sufficient determination to the necessary reforms, whilst believing that the strategy can be delivered. Such a Lisbon bubble would be unlikely to wait until 2010 to burst.
14. The objective set at Lisbon of improving competitiveness by means of carefully targeted reforms and coupling this with sustainable, employment-generating economic growth and a strengthening of social solidarity remains relevant to Europe, which is now at a crossroads:
 - on the one hand, it is the world's leading exporter and the world's largest internal market (in terms of GDP) and its ability to carry forward a dynamic project as demonstrated by the euro and enlargement;
 - on the other, it is lagging behind in economic growth, is weakened by business relocations and feels disoriented and threatened by setbacks it is experiencing through reduced competitiveness in the global market.
15. The Lisbon objective is a balanced one, reconciling the economic aim of competitiveness with social requirements (employment, training, social cohesion, living and working conditions) and, as emphasised at the Göteborg Summit, environmental demands, in a proportionate and interactive way.
16. The Lisbon Strategy methods remain valid, being based on:

- a multi-annual timetable, spread over a number of distinct stages up to 2010, in which to complete the single market;
- joint evaluation each year at the Spring summit;
- an open method of coordination with the Member States on common objectives, favouring best practice, which can usefully complement the Community method in areas which are of national scope;
- emphasis on the central role of the private sector, public-private partnerships, the involvement of civil society by the public authorities and dialogue between the social partners.

17. Thus far, cooperation under the open method of coordination has been an intergovernmental affair. There has been a general lack of democratic consolidation in national parliaments. A serious national parliamentary debate on Lisbon Strategy issues must be launched in the Member States.

18. The crucial involvement and support of civil society players has been largely lacking in many of the Member States. This major failure is a great disappointment in the implementation of the Lisbon Strategy, and goes a long way to explaining the concerns raised and the shortcomings experienced. The persistent failings of communication and partnership bear witness to this.

1. The communication shortfall is obvious. Neither the Member States nor the media are communicating with public opinion on the question of the Lisbon Strategy, in spite of the ongoing national debates on employment, training, social protection, business relocations and technological competition. When informed of the competitiveness objective set at Lisbon, most European citizens fail to understand either its purpose or its scope. Many believe that to become the “most competitive (...) economy in the world” is either unrealistic or spells the end of the European social model, by levelling down to the less advanced countries in this area. These reactions show that the objective needs to be explained, making it clear that the aim is to take on world competition successfully by diminishing some of our handicaps and offsetting others through better use of our assets.
2. Many people in Europe are discovering that, while social entitlements are being called into question, the benefits they stand to gain in exchange – in terms of employment and sustainable social protection – remain unclear. People are profoundly concerned by:

- the growing number of relocations to rival countries with low production costs;
- growing pressure on employment and working conditions, and loss of job security;
- redevelopment difficulties in the regions and sectors that are most affected by unemployment;
- weakened social protection systems (unemployment, illness, old age).

3. Too many people in Europe also feel they have no say in reforms that nonetheless directly affect them and which, generally speaking, jeopardise previously acquired safeguards and benefits. Moreover, reports from the Commission and the Member States by and large provide little information about arrangements for consulting and involving civil society or about partnerships with the various civil society players (the role of the private sector, the role of the social partners, public-private partnerships, NGOs etc.), despite the fact that these were considered to be of key importance under the Lisbon remit.

3. Improving competitiveness

1. The emphasis on competitiveness acknowledges the need to achieve sustainable competitiveness in an open and global economy by enhancing our use of new technologies, identifying more effective vocational training, ensuring employees are well qualified and improving productivity. The concept of quality (quality of goods, services, regulation, governance, employment, social relations and the environment) is central to the strategy.
2. These objectives would best be achieved with a fairer and more efficient international framework for trade and payments.
3. In addition to new rules at an international level, the European economy currently needs to simplify its internal regulations at both Community and national levels. Excessive red tape discourages the taking of initiatives that are needed in order to compete.
4. Unlike the Commission and the Council, the EESC thinks that only by changing the basic thrust of economic policies and, in particular, macroeconomic policies will it be possible to eliminate within Europe the obstacles which are thwarting a sustained and more far-reaching economic recovery. The EU has to act from within if it is to steer the European economy back on the road to growth and full employment. This will require a balanced macroeconomic policy with the declared aim of: achieving the objectives of the Lisbon Strategy, in particular full employment; strengthening competitiveness; and giving real consideration to the obligation to pursue sustainable development, in line with the conclusions of the Gothenburg Summit.
5. The aim of monetary policy at all events should be to strike a balance between price stability, economic growth and employment. However, the policy-mix recommended by the Council fails to include a clear call to the ECB to also assume its responsibilities in relation to the real economy (growth and employment). It would make sense to urge the ECB to target stability in the wider sense, i.e. not only price stability but also stability in terms of growth, full employment and social cohesion. The European Economic and Social Committee has itself already demanded on several occasions that monetary policy should help to achieve the goal of growth and full employment (see, for example, the Committee's resolution of 19 September 2002 addressed to the European Convention).
6. Policies to assist businesses to start up and develop should be intensified including, inter alia, quicker, lower-cost startups, measures to improve access to risk capital, more entrepreneurial training programmes and a denser network of support services for small enterprises.
7. Lifelong training should be available to all citizens, of all ages, in all Member States and people should be encouraged to take advantage of it.

8. The potential of the Single Market should be unleashed. The European Union should now have the advantages of a market that is bigger than that of the USA or China but

- too many directives have not been fully transposed into national legislation;
- inadequate progress has been made in securing standardisation and mutual recognition for the supply of services;
- delays have taken place in liberalizing markets, including those in the public sector;
- difficulties have arisen in agreeing workable European intellectual property rights;
- distortions are caused by forms of fiscal differences.

9. Community aid should be made contingent on improvements in Member States where "structural" deficiencies inhibit transposition.

10. Trade and payments should be facilitated through strengthened administrative cooperation between the Commission and Member States in a number of areas such as customs procedures, public sector contracts and trans-national public services.

11. In addition, the Member States are lagging in the following sectors:

- interconnecting and modernising transport infrastructure, which has affected the completion of trans-European network projects;
- access to risk capital for SMEs;
- public deficits in some countries;
- research spending, which has generally diminished rather than increased in relation to GDP (1.9% of GDP as opposed to 2.6% in the USA), has stagnated at well below the 3% target;
- high rate of early retirement, despite the Barcelona 2002 commitments;
- educational systems remain out of touch with economic realities and future employment prospects.

12. For their part, European businesses are behind in the following areas:

- Research and development: in 2002, the private sector spent €100 billion more on research and development in the United States than it did in Europe. The Lisbon European Council set the goal of devoting 3% of GDP to R&D, two thirds of which must come from the private sector. Currently it is contributing just 56%.
- Lifelong learning: since the Lisbon Strategy was launched, the level of adult participation in lifelong learning has increased by just half of one percentage point to 8.5%. This trend would indicate that the target of 12.5% by 2010 set at Lisbon is unlikely to be attained.

4. Integrating the social dimension

1. An explicit strategy to encourage competitiveness and also to maintain social cohesion is needed: this could be a new deal for social policy. The framework should be developed by the social partners in cooperation with the Commission and the governments of the Member States. The social dimension of the Lisbon Strategy should be fully recognised as a key factor for achieving welfare, productivity, and social inclusion and will have to be updated in the coming five years of the Lisbon Strategy.
2. The EESC urges the governments of Member States to register progress on the measures needed to make progress on Lisbon in an effort to stimulate the desired economic development. This is highly desirable so that a New Deal for European Society can be worked out. This should centre around four areas that require special attention. The four areas are:
 - more, better, and safer jobs!
 - the elderly in work life;
 - a more active social inclusion policy;
 - healthcare and the relation between health and environment.
3. A combined effort, involving social partners, NGOs and governments, is also needed to develop forms and financing of further qualified training at a substantially higher level than at present for a much larger proportion of those seeking employment particularly in sectors where more advanced knowledge-based skills are in evidence.
4. The social partners need to explore joint efforts to improve the work environment and the organisation of work to link improved productivity and higher value added per employee. To alleviate some of the problems of an ageing labour force (and a decreasing number of young people entering the labour market) these demographic features will need to be addressed by Governments, businesses and labour organisations.
5. Since there are particular issues affecting people disadvantaged by the processes of change, guidelines will be needed to establish a more active social inclusion policy.
6. The overall objectives defined for social policy within the Lisbon Strategy are still valid, with only some small modifications. On the other hand, the nature and size of the global challenges have changed considerably in the past four years. The appearance of the rapidly growing economies of China and India has direct implications for the Lisbon Strategy: more and more high-tech products and services are being launched at very attractive prices. The sustained high growth of productivity in the United States means that the Lisbon Strategy is chasing rapidly moving objectives. Europe's outperformance of the US in terms of productivity (per hour) gains in the 1990s appears to have come to an end.
7. A positive and challenging factor is the enlargement of the European Union. The new Member States represent a tremendously important growth of the Internal Market, of purchasing power, and of qualified human resources. However, the new Member States also represent new challenges to social inclusion. In relation to human resources, the education and training available will have to be advanced in areas of high-tech – as is the case also in the fifteen Member States.
8. The EESC has considered the merits of a possible Sustainable Social Development Charter

covering the above fields of social policy and setting out the relevant fundamental rights of citizens. The EESC proposes, on the basis of these considerations, that a Sustainable Social Development Charter be included in the work programme in the social policy field. A charter would have to be accompanied by an EU action programme, aiming at coordinating the various actions, and assist Member States in focusing priority areas.

5. Sustainable development

1. The EU strategy for sustainable development is being reviewed, and a decision on the outcome is expected at the European Council meeting in March, 2005. The strategy for sustainable development includes actions in the economic, social and environmental fields, implemented in mutual support.

5.1.1 The Lisbon Strategy, as it appeared after the European Council meetings in the Spring of 2002, includes parallel actions in the economic, social and environmental fields. The environmental dimension was added by decision at the Göteborg European Council.

2. It would be a mistake to see the Lisbon Strategy and the principle underlying the strategy for sustainable development as conflicting ambitions. The Lisbon Strategy has a clear timeframe, up to the year 2010. The strategy for sustainable development has an unlimited timeframe; it covers intergenerational issues.
3. Bearing in mind the intentions of the European Council to review at the same time, in March 2005, both strategies, it is essential to recognise three aspects:
 - The Lisbon Strategy, with only five years remaining, will have to start approaching issues with a timeframe beyond 2010. For such issues and actions, it is necessary that assessments are made according to the criteria applied in the strategy for sustainable development. With this approach, the Lisbon Strategy offers a possibility to start in concrete terms projects that as well can be characterised as actions within sustainable development.
 - It is essential that the reviewed strategy for sustainable development, in defining long-term objectives and actions, recognises the functions of the Lisbon Strategy and coordinates whenever relevant actions and programmes.
 - The Lisbon Strategy may have a certain multitude of objectives and actions, but the strategy for sustainable development will, by definition, have an even wider set-up of objectives and actions. However, they will appear only step-by-step. In both cases, it is essential that the national and local levels can play a decisive role. Neither of the two strategies can function if it is mainly top-down; both will have to be bottom-up strategies.

6. Partnerships

1. There are various themes expressed in the ambitious proposals for the more dynamic implementation of the Lisbon process. Whilst no single policy or action plan will be the key essential feature, one theme does stand out. An effective implementation of the Lisbon Strategy does demand a Community-wide recognition of the interaction of many people, governments, agencies, organisations and the European institutions.
2. In positive format, a renewed dynamic depends on a multi-tiered "partnership for change". The partnership concept can illustrate that Lisbon goals are neither top-down nor remote from the issues affecting the day-to-day lives of citizens.
3. The Committee underlines that a major weak spot in the implementation of the Lisbon Strategy is the failure to adequately involve civil society players – despite the express insistence on this point in the Lisbon remit. This weak spot could prove fatal to the strategy's success. The Committee is pleased that, on 24 March 2004, the European Council advocated a solution to this problem through partnerships for reform. The Committee has agreed to play its part in this process by submitting an action plan.
4. The Committee intends to work with Member States' economic and social councils and all the socio-occupational partners who wish to be involved in establishing a network of civil society initiatives to promote the success of the reforms.
5. This will be an interactive, decentralised network, bringing together participants' websites so as:
 - to set out the socio-occupational initiatives – both up and running and in the pipeline – that help drive forward the Lisbon Strategy reforms at European, national or regional level;
 - to highlight best practices in these areas, including on cross-border issues;
 - to share the appropriate experiences and analyses of civil society players;
 - to organise consultative forums and debates about the reforms.
6. A code of conduct will be drawn up to promote such initiatives and will be applied by those involved in the network.
7. An annual conference will be staged with the network partners in the run-up to the Spring summit in order to take stock of the civil society initiatives.
8. The Committee intends to serve as a European-level forum for dialogue on "partnerships for reform" drawing on national and European experience.
9. This linkage with national representative bodies would bring well established experience so that the EESC could contribute more effectively to the annual reviews at the Spring meetings of the Council.

7. The preconditions for an effective implementation of the Lisbon Strategy

1. While highlighting the need to reconcile the Lisbon reforms with European civil society, the Committee considers that the revision process necessary to implement the Lisbon Strategy must meet four requirements:
2. First of all, implementation of the Lisbon Strategy cannot be put off to tomorrow. International competition is growing every day. As a result, industry is relocating – a phenomenon affecting an increasing number of regions and sectors as they compete against low-wage emerging economies with low production costs and, often, the most cutting-edge and innovative technologies. Effective, long-term measures to restore Europe's competitiveness as a business location can brook no delay.
3. The Lisbon Strategy is a strategic concept. In that sense it is comparable to earlier strategic concepts which led to radical advances in integration. In those cases the planning involved a time limit and a strictly controlled series of stages, with close cooperation between the Commission and the Member States. At the end of the 1960s this applied in the case of the customs union, which was enshrined in the Treaty. The success of "Europe '92" was also the result of similar planning. Monetary Union is another successful example. In these cases, either the Community method was successfully followed, as with the customs union and "Europe '92", or positive cooperation between the Member States gave them an urgently needed result, namely participation in the EMU. The problem is that neither of these two approaches applies at present. Satisfactory progress now really depends entirely on political will.
4. Secondly, the Lisbon Strategy cannot succeed without international rules. European employers and workers have no desire to grapple with unbridled competition and become mired in an uncontrolled cost-cutting spiral without regard for health, safety, social and environmental progress and balanced and sustainable development. Hence, the Lisbon reforms can only succeed if the Union exerts parallel pressure within the ambit of the WTO, the IMF, the WIPO, the ILO and other international organisations to establish a framework for globalisation through fairer, more effective rules. It is essential to put in place an internationally recognised frame of reference for competitiveness, comprising minimum rules on competition, safety, quality standards, social rights, protection of children, environmental protection and intellectual property. It would be unrealistic to try to enlist the support of the European public without such assurances.
5. Thirdly, the implementation of the Lisbon Strategy must not run counter to the EU social model – at the risk of killing off the patient it is supposed to be curing.
 1. It is vital to assuage fears about the scale and social cost of the reforms. People must be made aware that these reforms are essential to the sustainability of the European development model as part of an open economy. The key goal of the Lisbon Strategy must be to ensure the continued viability of the European social model to which our citizens are so attached, as expressed in the Charter of Fundamental Rights, and at the same time to reconcile that model with the demands of competitiveness.
 2. The Lisbon Strategy must also take environmental concerns fully on board. The commitments entered into in Gothenburg in 2001 clearly confirm and amplify the desire expressed in Lisbon to reconcile a competitive economy with a good quality of life.
6. Fourthly, it is clear that the success of the Lisbon Strategy is contingent on stronger European, national and regional partnerships, both between States and with representatives of socio-

occupational interest groups and the social partners. In the first few years of implementing the Lisbon Strategy, too many states failed to fully involve the social partners in framing and implementing the reforms, barely consulting them and giving them scant mention in the annual progress reports. In the five years left to attain the Lisbon objective, such failures must not be repeated. The objective will not be achieved without civil society being informed, alerted, involved and indeed mobilised.

8. Eight priority proposals from the EESC to improve the implementation of the Lisbon Strategy

On the base of the analysis, and of the extensive consultations carried out, the EESC would like to respond to the European Council's invitation with the following proposals:

1. Member States to take greater ownership of the Strategy

1. The governments of Member States should take a clear and more active responsibility for implementing the work agenda of the Lisbon Strategy. It is essential that the Strategy is "owned" by the Member States' governments and national parliaments. Member States should prepare clear plans with time-frames for the actions they propose to take in order to achieve the Lisbon targets in the follow-up summit meetings.
2. The Lisbon Strategy must be recognised for what it is: a very ambitious agenda for building a European society of prosperity, welfare, competitiveness, social inclusion and a high awareness of the environmental dimension. On this basis, it is essential to communicate more actively with social partners and organised civil society. The Lisbon Strategy has been too much identified as only an economic agenda.
3. The Open Method of Coordination must be given more teeth: the annual comparative analysis must be more detailed, and Member States will have to demonstrate more clearly if there are structural or other obstacles to reaching the jointly decided objectives.

2. Reinforcing growth and cohesion

1. The Stability and Growth Pact must be developed into an instrument for growth and improving productivity, focussing stability objectives over whole economic cycles instead of individual years. A tension-free macro-economic policy mix is necessary for supporting demand.
2. The ECB should take more account of the wider economic impact of its decisions and, subject to the constraints of controlling inflation, should act supportively of the Lisbon goals.
3. In coordination of economic policies between (and within) Member States governments should set performance targets and monitor the key indicators to demonstrate outcomes.
4. Cohesion policies must be designed to actively reinforce improvements in competitiveness, which, in turn, will help to reduce the scale of income differences across

the Community. As an aspect of cohesion policies, a code of acceptable practice on the use of State Aids should be adopted.

3. Implementing the internal market more efficiently

1. The agenda for implementing the Internal Market, now enlarged to 25 Member States, has to be given particular attention. The European Commission should include a detailed report on the outstanding implementation issues in the annual assessments of the Lisbon Strategy.
2. Several measures for the single market are long overdue and need to be adopted immediately: the regulation abolishing double taxation within the single market; the immediate availability of a simple, effective, and reasonably priced Community patent; the relaunch of the completion of a genuine internal market in services on a balanced basis.

4. Promoting innovation and quality

1. The EIB and the EIF should intensify their activities in identifying, prioritising and structuring innovation investment projects and programmes, by both public and private sector promoters, cooperating with the Commission and with Member States. The EIF should continue to address the need of high growth and innovative SMEs through its operation of venture capital and SME mandates and by greater promotion of the possibilities open for EIB financing.
2. The concept of quality (quality of goods, services, regulation, governance, employment, social relations and environment) is essential to the implementation of the Strategy, and should be an integral element of the annual evaluations of progress made at national and EU level.

5. Revamping social policy

1. Social policy must be recognised as a prerequisite for competitiveness and productivity and vice-versa. A revamped social policy agenda has to be developed for the enlarged European Union. This should take the form of a Sustainable Social Development Charter covering the key fields of social policy and the fundamental rights of citizens.
2. Four areas of social policy are particularly essential for promoting competitiveness: employment policies, the elderly in working life, more active social inclusion policies and healthcare including the relation between health, social protection and the environment. There is a need for new initiatives in all these fields, combined with close consultation between the EU, national governments and the social partners.
3. Building a knowledge-intensive society requires high levels of resources for both basic and continued education and training. Life-long learning, although expanding in all Member States, has to be developed further, including also life-long learning at advanced levels. The European Commission should, in consultation with the social partners, explore the possibilities for reaching a Europe-wide Charter on life-long learning, including alternative financial options.

4. The EU must adopt a more active common immigration policy, as recommended at the Tampere and Thessaloniki European Councils. For demographic, economic and social reasons, immigration in Europe will remain a key issue over the next few years. The Lisbon Strategy calls for transparent legislation for the admission of legal immigrants, good coordination between immigration policy and the employment strategy, as well as new policies for integration and combating discrimination

6. Promoting private-public partnership for research

1. Research, both basic and applied, constitutes a major pillar of the knowledge-intensive society. Enterprises in the EU are falling behind rather than reaching the targets for more spending on research. The same applies to governments. More resources can be generated by private-public partnership for research. Europe must have active policies for attracting foreign researchers and encouraging the return of European researchers working elsewhere.
2. The European Commission should present a plan for increasing research investments, for better coordinating the EU and national programmes and for creating a European Research Council.
3. Transfer of knowledge from research to industrial application is inefficient and slow in the European Union, compared with the United States. The European Commission should present a concrete plan for measures to promote the transfer of knowledge to industrial application.
4. Small and medium-sized enterprises are in particular need of access to research and of support for introducing advanced technical solutions. The EIB should, together with the European Commission, develop ways and means for further promoting this transfer of knowledge.

7. Protecting environment more actively

1. The Lisbon Strategy is also based on a third pillar, the environmental dimension. The development of environmental-friendly technologies has to be promoted more actively. Joint public-private efforts should be expanded in the areas of energy supply and transport. In a longer perspective, important synergy effects can be reached through the environmental sector.
2. Sustainable development is necessarily an integral part of the Lisbon Strategy for the next five years, but with time perspectives reaching far beyond the Lisbon Strategy. The revised strategy for sustainable development should include concrete measures that are compatible with the second half of the Lisbon Strategy.

8. Gaining the support of the citizens

1. Take the Lisbon Strategy back to the citizens of Europe! Organised civil society and the social partners must play a more clear and encompassing role in the implementation of the Lisbon Strategy. The EESC expresses its full support of the statements made in this context by the European Council.

2. If the Lisbon objectives are to become realistically attainable, the European Union must offer a coherent, dynamic and progressive approach both in terms of objectives for the Union and in terms of institutional dynamics. As possibly the most important representation of these goals, the new European Constitutional Treaty needs to be explained persuasively, adopted by Member States, and gain the support of the citizens of Europe.
3. Thus the EESC would argue that a "new style" Lisbon process should borrow from the successful methods of "Europe '92". Building on existing practice, this would mean that the reports on policy guidelines, the internal market, employment and the Lisbon Strategy would be summarised in a clear plan with stages and a timetable, within which it would be made clear what action would be expected from whom (Commission, Council, or Member States), on the basis of what decision and within what sort of timescale.
4. At national level, the economic and social councils can play a very important role, together with the social partners and various civil society organisations. The implementation of the Lisbon Strategy can give the councils a very particular role.
5. At EU level, the EESC is ready to take an active responsibility for supporting the implementation and follow-up of the Lisbon Strategy, working in close contact with the social partners and with civil society organisations at European level.
6. Inform the citizens of Europe about the Lisbon Strategy! Emphasise the ultimate objectives of the Strategy: to build a prosperous and welfare Europe with high competitiveness, and with awareness of the environmental issues. There will never be a successful implementation of the Strategy without the active involvement of citizens. The EESC intends to make active contributions to this information effort.
7. Implementation of the Lisbon Strategy requires a clear policy coherence at both EU and national level. The three pillars of the Strategy provide unique chances for synergy effects, both in economic, social and environmental terms. Reactivate the process of the Lisbon Strategy – with the three pillars in joint policy coherent terms.

Brussels, 27 October 2004.

The President
of the

European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Patrick Venturini

Anne-Marie Sigmund

¹ ECO/139 – EESC/1439/2004

² OJ 117 30/4/2004

³ ECO/135 EESC 1203/2004

⁴ OJ 110 3/4/2004

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