



# A EUROPE OF PROGRESS

THE EU POLICY AGENDA 2005-2009

REPORT TO THE PES ON THE EU POLICY AGENDA

PASCAL LAMY, CHAIR OF THE HIGH LEVEL GROUP

PROSPERITY  
EQUALITY  
SOLIDARITY



Pascal Lamy



Poul Nyrup Rasmussen

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Poul Nyrup Rasmussen

President of the PES

Dear Poul Nyrup,

I have the pleasure of providing you with the final version of the report on the EU policy agenda 2005-2009 that I prepared for the PES, with the High Level Group. This report proposes four areas in which political action at European level must be vigorously pursued in the coming years, in order to achieve:

- ▶ A Europe of progress and full employment
- ▶ A safe and protected environment
- ▶ A Europe of freedom, security and justice
- ▶ A Europe as an actor for a peaceful world.

The report does not limit itself to providing general political directions. Recognising the need to re-connect the EU and its citizens on the left and centre-left, it also presents more than 60 concrete proposals and recommendations, most of which should be presented by the new Commission and submitted to the Council and to the European Parliament during this legislative term. This does not mean that other political actors and institutions are disenfranchised from contributing to the achievement of a Europe of progress. A Europe of prosperity, equality and solidarity can only be the result of a common effort by all actors concerned. In this respect, national governments, as we all know, remain the primary political actors at European level.

This work has benefited greatly from the contributions of a high level group I had the honour to chair. The report as a whole has the full support of a large majority of its members, including all former and present Commissioners, PES Group Vice-presidents and most national ministers involved. However, some national ministers involved have made it clear to me that they cannot agree with parts of the report and several of its proposals, notably because they are not in a position to commit their national governments to these.

Having reflected on this, I have decided to transmit the report to you in its current form for the appropriate follow-up of this work within the PES.

Yours sincerely,

PASCAL LAMY

CHAIRMAN OF THE HIGH LEVEL GROUP ON THE EU POLICY AGENDA





# INTRODUCTION


Although Europe remains a prosperous and secure region in comparison to other parts of the world, Europeans are anxious about the future. They are reluctant to trust public authorities in general and the EU in particular to address their daily preoccupations. This legitimacy and efficiency crisis jeopardises the still weak European democracy. Furthermore, the way we social democrats have always presented this, in terms of a promise of social progress has generated high expectations, and therefore a loss of credibility when we do not deliver. That loss is critically damaging the historical project of the European construction and hence our ability to maintain the coherence of the EU when confronted with developments such as enlargement or globalisation. In turn, this challenges the integrity of the European model, as we saw in the last European elections, with the shockingly low participation across Europe. And – in all this – we must never forget our key objective, which is to lead the member parties of the PES to victory at the next EP elections.

European integration is a truly social democratic project and as social democrats we call for a stronger European integration since we are convinced that the modern challenges and threats of the 21<sup>st</sup> century can only be commonly addressed to the benefit of our citizens.

In terms of European public opinion, a key issue is a mismatch between the supply and demand of mechanisms and European policies to reassure our citizens that their future is safe. Equally, political institutions and trade unions in the member states have been gradually losing credibility for failing to deliver on good and efficient policies in this area, such as effective national insurance policies. And, at the same time, the increasing fragmentation of people's lives actually means a higher demand for social protection. We need to be prepared to confront the new questions raised by our citizens, such as personal and professional uncertainty, even loneliness, which have become part and parcel of daily life. Moreover, these questions mean “new risks” to our ability to create an economically, socially, environmentally sustainable system for all - issues such as volatile growth, an ageing society, organised crime, pollution and immigration fears. And the international climate does not contribute in a positive way at the moment, with the overwhelming focus placed on security issues to the exclusion of everything else.

So at this point in time, following the June 2004 European elections, the European Union is entering a new political phase. In early 2005, the new European Commission will have to present strategic policy perspectives for 2005-2009 and a detailed programme of proposals, which will then be discussed by the Council and by the European Parliament. Together with the political priorities of upcoming Council presidencies, this process will lead to the formulation of a new European policy agenda for this political phase.

For us, what is at stake? What are the main challenges ahead?



The European model, which has provided decades of peace, stability, freedom and prosperity to an increasing number of countries and people, is under threat.

- ▶ As regards the political model, the challenge to legitimacy and lack of trust are the core issues. Less than one out of two voters took part in the last European elections, with only one out of five in the new member states. In spite of the continuing ability of the EU to create expectations, the low participation rates at elections, limited knowledge of and interest in European affairs are all the more worrying because political dividing lines appear blurred to the citizens. As a result, democracy at EU level is weak and fragile.
- ▶ As an economic model, the EU is challenged. The single market has enabled us to reap some benefits of economies of scale, but we have yet to gain much from innovation and higher-skilled labour. In this respect, under-investment in R&D and innovation as well as in infrastructures is not sustainable and this lasting defect will prevent us to reach the annual 3% growth target we assigned ourselves. We should be able to channel new growth opportunities from increased competitive pressures which have stemmed from technological change. But instead, an underperforming European economy is lagging behind through a combination of low growth, low investment in research, education and infrastructure, and insufficient modernisation of its productive sector. This will be further reinforced by a projected reduction in Europe's working age population after 2010 as Europe's population gets older. In the absence of better policies, the result will be declining prosperity and greater poverty.
- ▶ As a social model, the European Union is at risk. Europe's unemployment remains unacceptably high at 9% in the enlarged EU, reaching 18% for those under 25, which starts to shed light on the impoverishment of specific categories of population. The participation rate of women in the labour market is still below target. This rate is even lower in the new member states. National labour markets and public pension systems are under constant pressure for reform. National social security systems face increasing financial constraints. An ageing population, several shortages in workforce, relevant constraints in the social security systems require a pro-active approach to economic legal migration, including integration of third country nationals in European societies. In this context, a European commitment to cohesion, within our countries and across the regions we live in, is vital since fewer people are producing, and sharing fewer of the benefits of growth. So we need to revive fundamental values such as equality and solidarity if we are to explain why we have to tackle the growing problem of exclusion of a growing number of our citizens.
- ▶ As a model of sustainable development, the European Union still has a long way to go. Despite encouraging efforts in recent years, renewable energy only accounts for 6% of total energy production at present. Although the EU is leading in terms of environmental policies compared to other world regions, our track record remains relatively poor in absolute terms. Indeed, current consumption patterns are unsustainable in the longer run, and we should not use energy consumption as an engine of growth, and should be ready to change our behaviour if we are serious about

our concern over global warming. So sustainable development has to encompass these issues in a global framework and we have to call for action on the interdependent issues if we are to ensure the preservation of the EU and global environment.

- As a continental power and as an important global actor, the enlarged European Union has to live up to this challenge and to develop appropriate policies to reach its full potential in terms of shaping a better world and enhancing its values abroad. Today, reducing inequality is a key priority for the international community, and hence for us, too: half the world's population lives under the poverty line and 45 million die every year of hunger and malnutrition. Poverty hits women and children particularly hard. In a context where terrorism, weapons of mass destruction and organised crime are likely to spread further in coming years, we have to ensure that EU members further develop an efficient degree of coordination and coherence of their foreign policies to provide appropriate support and assistance, as part of a comprehensive approach including police and judicial cooperation. In the absence of a true common foreign and security policy, the EU will not have the capacity to effectively address present and future challenges in its immediate neighbourhood and in other parts of the world, and it will increasingly lose out to other national and regional players in the different international organisations and forums.

More than ever, the European Union needs a political vision - a social-democrat vision to oppose the Europe that Conservatives want. The European project is intrinsically intertwined with the social-democratic project, which is the fight against all forms of inequality. Indeed, inequalities between rich and poor nations and within societies continue to grow, generating increasing individual fears and worsening existing global problems. This vision should amount to providing the European Union with a new objective for its model of development: excellence in all domains – in the political, economic, social, environmental, or foreign policy domains – to provide the EU with a lasting capacity to improve the quality of life of its citizens.

The stake is for the PES to renew the legitimacy of public policies so that our citizens feel it is worth their while to participate, to use their civil rights, as society evolves from the national to the European to the global. Tune in, turn on but don't drop out!

Trust in progress and giving true meaning to political action are crucial messages and we have to recapture them for social-democrats. Progress, of course must be conditioned by stronger economic growth, of which a strong social dimension is a key element. The society our citizens need must rely on a social market economy crucially endowed with social insurance mechanisms and not just on those provided by the market economy. The key element is as follows: we must build a project based on a conception of the individual taken firstly as a citizen and then as a worker. It must successfully combine the freedom of individual choice and a sense of solidarity built on collective guarantees, to compensate for the inegalitarian mechanisms of a market society left to its own dynamics.



In other words, the model of society to be advocated by European social democrats is one based on sustainable development, combining economic, social and environmental quality: strong growth for more and better jobs and a healthy environment, gender equality and equal opportunities for all.

The future of Europe is at stake. At the start of a new phase in European policy- and decision-making following the June 2004 elections, this European challenge must be met by Europe's social democrats in formulating and in advancing an ambitious and far-reaching new policy agenda for 2005-2009. We must show our willingness to find concrete solutions to solve our citizens' preoccupations. This mission is to be accomplished in the framework of the competences the European institutions are assigned with respecting the principle of subsidiarity. Hence, the recommendations in this report are formulated in this Community framework of action.

This period will be critical in determining whether the enlarged European Union is a successful model of development in the long run and whether or not it will be capable to diffuse and project this model beyond its borders.

To confront these challenges, European social democrats need to provide themselves with an ambitious policy platform to inspire their action and to serve as a guide in upcoming political debates within the scope of EU competences.

## **OBJECTIVE ONE:**

### ***A EUROPE OF PROGRESS AND FULL EMPLOYMENT***

The European model of a social market economy requires a sustainable growth and good quality jobs in the prospect of achieving social and territorial cohesion. The enlargement participates in the enhancement of this objective.

To achieve sustainable development Europe requires a reform of its instruments (by making its economic governance more effective) and an improvement in relevant policies (to stimulate sustainable growth through competitiveness and solidarity).

#### **1.1 Making economic governance more effective**

The policy instruments at the disposal of the EU have proved to be inadequate. This entails a 'real' cost - Ineffective economic governance, and especially a lack of active economic policy coordination, results in a welfare loss as the EU grows below its potential and it prevents the necessary job creations.

A revision of the institutional practice is a sine qua non condition for an efficient economic policy.

The experience highlights a worrying absence of political will at the national level regarding the implementation of European recommendations:

- The Stability and Growth Pact has partly succeeded in promoting fiscal discipline while at the same time preventing member states from acting effectively against economic slowdowns. But it has failed to prevent "free rider" behaviours as well as to allow the Commission and the EP to represent the European general interest.

- Lack of a commitment to growth enhancement / Absence of a focus on the growth dimension : Economic policy coordination through the Broad Economic Guidelines is a large theoretical exercise with little implications at national policy levels;
- The Lisbon strategy's underlying process (mostly based on the open method of coordination) is not capable in its current form to ensure proper implementation of EU commitments at national levels.

Fundamentally, more effective economic governance must result in new coherence between its three key instruments – the Stability and Growth Pact, the Broad Economic Guidelines, the Lisbon strategy – as well as in a strengthening of the inter-institutional system itself:

- The Council must take existence as a collective political body capable of defining its policy doctrine and implementing it in a coordinated and consistent way;
- The Commission must be given the means to exercise a thorough role in macroeconomic surveillance and economic policy guidance;
- The European Parliament and national parliaments must be closely associated to this policy process to ensure democratic control and legitimacy.

### 1.1.1. MORE GROWTH THROUGH STRENGTHENED BUDGETARY COORDINATION

At the heart of Europe's economic policy framework lie the Broad Economic Policy Guidelines (BEPG) and the Stability and Growth Pact (SGP). It has become patent that the Pact is in urgent need of reform. The core elements for a social democrat project are:

- focus on the long run – avoid public debt to finance current expenditures ;
- adaptation to national circumstances – public action must be promoted as a means of creating and fostering growth;
- objective of fiscal equity - public investment as an efficient investment for growth and social goals.

The recent proposal of the Commission on the reform of the Stability and Growth Pact is a good initiative, insofar as it takes into account specific circumstances and the quality of public expenditures.

Rapidly develop an efficient framework for budgetary surveillance, with the adoption by end of 2005 of the Commission proposal on the reform of the Stability and Growth Pact.

The current asymmetry between a single monetary policy and national economic policies is to be tackled. We need to restore a European public forum for the national budgetary debates. The national budgets should be systematically consistent with the economic guidelines defined at the European level.

**Proposals by the Commission to the European Council on:**

- allowing a harmonisation of national budgetary agendas with that of the BEPG - transitional phase 2005-2008
- asking for the setting of a global deficit objective for the Eurozone, with a detail by country according to their situation in the economic cycle.
- foreseeing the holding by National Parliaments of a specific debate on the position of their country within the European economy at the start of every budgetary debate.

Furthermore, European monetary policy should benefit from a better coordination of fiscal policies among member states and therefore be able to become more responsive to short-term economic changes. As regards the exchange rate policy, the eurogroup shall have a say in the setting of the ECB policy. Global monetary and economic developments, such as the relatively weak growth performance of the EU in comparison to other world regions, the extent of the US trade and budget deficits, or the weakness of the US dollar now call for such a policy, as foreseen by the Treaty.

From then on, the EU shall eventually achieve to adopt a single stance within the international financial institutions.

**A better governance in financial matters:**

- In accordance with article 111.2 TEC, proposal of the Commission to the Council (following consultation with the ECB) to formulate general orientations for exchange rate policy in accordance with the price stability objective.
- For the 2005-2008 period : Commission Proposal to unify external representation of the €zone through the adoption of common positions binding the Member-States within international financial institutions (IMF and World Bank in particular)
- For the 2008-2013 period: Commission Proposal to unify the external representation of the €zone within international financial institutions

### 1.1.2. DEVELOPING EUROPE: ENSURING THE IMPLEMENTATION OF A BALANCED LISBON STRATEGY

When the Lisbon strategy was agreed by the European Council in March 2000, the European Union produced a coherent answer to its most burning challenges:

- ▶ Globalisation, which makes sharpened competitiveness compelling, especially with regard to technological change;
- ▶ The ageing of Europe, which makes higher employment rates and welfare systems that promote productivity and labour supply a necessity;
- ▶ And environmental degradation, calling urgently for a policy that combats climate change and waste of resources at the same time as it creates jobs.

The objective pursued at the time (to make the EU economy the most competitive in the world, full employment, social cohesion) was relevant. It was born out of a vision shared by European social democracy, based on the conviction that action must be taken simultaneously in several areas. Economic reform, social policy and environmental considerations can be mutually reinforcing and synergetic, promoting job creation and sustainable growth, with competitiveness being a major challenge in its own right. Thus, a strong priority must be given to knowledge-related policies in research and development, innovation, and education and training.

The strategy as a whole is set within the political framework of sustainable development. And it has a deadline by which to achieve its objectives – 2010. Even if Europe is moving in the right direction, the pace is far too slow and Lisbon Strategy did not prove to be efficient. Although there is still consensus regarding the goals, the Lisbon agenda for implementation must be balanced:

- ▶ There is an institutional imbalance insofar as liberalisation is decided under qualified majority voting or in the framework of the powers of the Commission, while most public policy decisions –social, fiscal, budget- require unanimity.
- ▶ There are too many priorities, too many targets, which are moreover unbalanced up to now, since priorities are given to the market or to competition rather than to technological advances, innovation or employment.
- ▶ The EU has mainly coordination competences and it lost focus; loose powers and lack of priorities are the result; it must focus on a limited set of priorities;

Key priorities should be access to the labour market, notably for the most vulnerable categories of population, such as young people, women, older workers and immigrants, and to enhancing the growth potential by focusing on innovation.

Whatever the method chosen, the social democratic priorities must be clear and the instruments to address them must be coherent.



The mid-term review of the Lisbon strategy, scheduled for 2005, is a political opportunity to re-vitalise the strategy and its implementation, which should now be accelerated in a balanced way. Changing or diluting the targets and timetable would send the wrong signals about the Union's determination to modernise. Europe must aim high if it wishes to reverse the trends.

### Developing Europe

At the 2005 Spring European Council, the Lisbon strategy should be turned into a concrete and focused five-year action programme on "*Developing Europe*" with a precise indication of decisions and steps to be taken at EU and at national levels, following the model of the Single Market 1992 programme.

(i) **THREE-PILLAR APPROACH:** *any attempt to unbalance and change the overall thrust of the Lisbon agenda, with its three mutually reinforcing policy pillars (i.e. economic, social and environmental), must be ruled out, or the Lisbon targets will not be met.* The EU must live up to the challenging task it has set itself of creating a dynamic economic climate, reforming its welfare systems while providing social security for citizens, promoting gender equality, promote technological progress and an efficient use of energy and other natural resources in a way that creates more jobs. There is a specific need to strengthen the environmental pillar in a concrete way in the process - the environmental dimension should be fully reflected in the economic and employment guidelines.

(ii) **FINANCING:** *the financial resources to implement the Lisbon agenda, both through the Community budget and through national budgets, must be secured.* At Community level, the implementation of the financial perspectives should reflect the priorities set out in the Lisbon strategy. At national level, in respecting the Pact for Stability and Growth, governments must ensure that public expenditure is channelled into the Lisbon strategy, for instance to improve national education and lifelong learning policies, to increase public investment into research or to apply gender budgeting.

(iii) **Focus:** *the Lisbon agenda should be focused on a limited set of leading targets from the existing range.* This set of targets would form the spearhead of the Lisbon strategy, without abandoning other targets, which should continue to play an important role, although in a less prominent way than the core set. The latter would have to reflect the existing approach of favouring synergies between the economic, social and environmental dimensions and be of an operational nature. This more focused approach would facilitate the political monitoring of the strategy and its communication towards the media and the general public, a pressing need. A tentative list of leading targets could include the target for transposition deficits in the internal market, R&D, lifelong learning, childcare provision, risk of poverty, labour force participation in all groups, and energy efficiency. The Lisbon target of female employment rates of 60% must be met to deliver social justice for women and to reach the level of productivity needed to meet the growth and competitiveness targets of Lisbon.

(iv) **OPEN METHOD OF COORDINATION:** The slow pace of implementation in recent years shows that the method is not sufficiently effective and must be renewed. The mid-term review should hence lead to a modification of the method followed so far :

- Member states to develop national action plans, which should be monitored and also form the basis for a stronger involvement of national parliaments and stakeholders in fostering a regular national political debate on the strategy's implementation; this should also ensure that policy recommendations are far more tailored to the specific situation of member states;
- Conducting an effective information campaign across the EU in order to inform citizens about the Lisbon agenda and its impact on their everyday life;
- Strengthening the strategic role of the Spring European Council in the conduct and implementation of the Lisbon agenda. These meetings should provide more scope for strategic and forward-looking discussions and should rely on:
  - a systematic use of scoreboards by target and member state;
  - more emphasis on measuring progress;
  - improving the consistency and synergy of available policy instruments in each field.

Last, but not least, the success of the Developing Europe action programme will require a new articulation and coherence between a reformed Stability and Growth Pact, the Broad Economic Policy Guidelines, the Financial Perspectives and the Developing Europe Goals.

### 1.1.3. STIMULATING TAX POLICY CONVERGENCE

The existence of different tax policies has been further increased with enlargement. The issue of tax policies convergence needs to be addressed, because unfair tax competition represents a threat for the cohesion of the EU. Public finances are reduced because of tax erosion and avoidance, and the tax burden is shifted to the least mobile factor of production, labour, with a negative effect on employment.

There are two main conceptions: the liberal one, in favour of a free competition, which perceives divergent tax policies as an acceptable basis to compete, while the social democrat one argues that tax competition among member states is a factor undermining internal solidarity and, ultimately, long-term economic efficiency. Hence, we consider that the EU must fight unfair tax, and therefore social, competition at the European level in the context of the Single Market.

To ensure the efficient functioning of the single market and to avoid tax avoidance detrimental to public finances, the EU has already put in place Community-based approaches with regard to VAT and to the taxation of savings. To reap the full benefits of a well-functioning Single Market, time has come to identify how best to establish a Community approach in the field of corporate taxation as a matter of priority. This does not have to lead to the introduction of a single harmonised corporate tax rate across the EU. This was not necessary either in the case of VAT. Equally, such a system would require a flexible approach, notably in terms of transitional periods and special regimes to be granted to certain Member States and economic sectors.

The urgency is now to work on a progressive harmonisation of national corporate tax bases as a step towards the perspective of an approximation of European corporate tax rates.

This process could pave the way to transforming the present system of national contributions to the EU budget into a fully-fledged Community resource for the financial perspectives to be formulated for after 2013.

Commission proposal by 2007 to harmonise the national corporate tax bases.

## 1.2. Developing a European growth policy built on solidarity and competitiveness

The EU has both the ability and the duty to create the appropriate economic and political environment for a sustained growth in which member states, regions, businesses, trade unions and individuals altogether shall concur to shape these conditions.

### 1.2.1. PROMOTING PUBLIC AND PRIVATE INVESTMENT FOR MORE GROWTH

Europe has to cope with a structural problem of low economic growth. The growth performance is weak from an international point of view, notably in the euro area. For instance, compared to the US economy, which has shown an average GDP growth of 3.3% over the past ten years, the euro area only grew by 2%. At this rate of growth, unemployment cannot be significantly reduced, while the experience shows that with growth rates above 2%, net job creation accelerates. Low growth also undermines public support for necessary economic reforms.



In this context, there is strong evidence showing that the EU economy has been growing well below its potential for a number of years. This means that millions of potential jobs have failed to be created. This trend has been closely associated with insufficient levels of private and public investment. At 4% of GDP in the early 1970s, gross public investment has fallen to an average of 2.4% in the euro area, while net public investment is probably close to zero in several euro area countries and may already be negative in some. This lack of public investment - especially in research, innovation and high technology infrastructures - may contribute to weaken Europe's growth performance in the short run and, first and foremost, undermines its growth potential in the long run.

The EU is aware of this structural under-investment challenge and has started to take some steps in the right direction, in particular through the European Growth Initiative recently adopted by the European Council in December 2003, but these are insufficient.

Such a strategy should be formulated as a part of the Lisbon agenda in the 2005 Broad Economic Policy Guidelines. In particular, and provided that the 3% deficit limit is not put at risk, countries already fulfilling the medium-term targets of the Pact and with acceptable levels of public debt should be allowed to temporarily deviate from the 'close to balance or in surplus' rule so that they can meet their investment needs. Member states should be encouraged to gradually increase their net "intelligent" public investment in research and development, education and training, and infrastructures in a well-coordinated way - conceived as a joint EU-wide investment effort by all member states - by identifying national and trans-national public investment projects with a large enough social rate of return. These national efforts would encompass the already agreed Barcelona objective of 3% GDP for research, and would significantly add to the implementation of the recently approved European Growth Initiative as well as a necessary shift and full use of available Community funds to finance Lisbon strategy objectives at EU level. This approach would be reinforced by a continued improvement of the internal market and growth-supportive monetary policy aiming at low interest rates.

This proactive and coordinated economic policy could lift the EU's GDP growth average to 3% during the next five years, compared to the current forecast of around 2.3%. This would result in the additional creation of about 4 million jobs by 2010 and a reduction of public deficits by the end of the period close to balance for the EU as a whole. To achieve these results, the additional public investment would gradually increase to a total average of 0.3% of GDP in 2007 and onwards. This corresponds to additional investment of approximately 10 billion euro each year in 2005 to 2007 and maintaining the higher level thereafter. This would bring the EU back to its public investment level of the early 1990s. Furthermore, it would provide a favourable context to implement necessary structural reforms, which is currently lacking in most Member States.

### **A multi-annual European Growth and Investment Strategy**

A new wave of investment, combining increased public investment from all member states in a coordinated way over the next five years with policies aimed at stimulating more private investment, is the only way to unleash new and stronger growth for the EU as a whole, and thereby to create more and better jobs, and generate a favourable climate for private investment and consumption, and for necessary economic reforms.

### **1.2.2. A FOCUS ON RESEARCH, INNOVATION AND EDUCATION**

Underinvestment in education, research and innovation has been underlined. The link between a strong research capacity and a vibrant economy is clear: in 2002, the European Council fixed a target of 3% of GDP to be devoted to research by 2010, including 1% from the public sector. Research on the scale of the EU can offer better value for money than nationally-funded research, and can have a powerful leverage effect on private funding, stimulating large technological initiatives and the development of European poles of excellence in highly competitive fields such as information and communication technology, biotechnology and aeronautics. As the complexity of research and the critical financial mass required increases, no Member State acting in isolation can create the minimal, critical mass. The economies of scale offered at EU level become more significant and the benefits of linking specialists across borders more clear.

As a result, the part of the European budget dedicated to R&D should be increased, in order to provide stronger leverage to build the European Research Area and to improve coordination among the national programmes and to support regional research strategies. The action plan for investing in research and the action plan for innovation should also be used as a leverage to increase this common effort. As concrete consequences, the EU must increase the support devoted to young researchers, to prevent 'brain drain'.

Although EU competences in education are limited, there is a close link between Community and national R&D and innovation policies, and the quality of our education systems. At EU level, the existing Community programmes and the common objectives for education and training should be allowed to contribute more actively to foster this link.

Commission proposal for the next Framework Research and Development Program planning the doubling of financial amounts allocated, representing € 40 billion for 2007-2013.

Commission proposal allowing to triple the number of available researcher mobility scholarships/grants.

Commission to insist on rapid adoption of the proposal to increase the number of students benefiting from the Erasmus programme from 120.000 to 390.000 students by 2013.

### 1.2.3. A NEW INDUSTRIAL POLICY

The European industry remains a key sector for competitiveness and for a high level of skilled employment in the EU. Maintaining a strong industrial base within the EU is an absolute necessity. Although many industrial jobs have been lost - the decrease is largely offset by job creations in the services sector - its productivity has been increasing by 40% during the two last decades. Due to the new international division of labour, the industry has to undergo wide reorganisation in order to keep being competitive. The EU, together with the national level, is the relevant level to take action and help the European industry to anticipate and adapt to a globalised world economy.

The issues of the international division of labour now concern the detail of positioning in terms of quality and technology of the products traded –based on research and innovation- and of penetrating the new emerging markets. The stake for the forthcoming years consists of ensuring a transition to modernisation and a gradual social and economic upgrade.

The Commission, and thereby the EU, are needed to create synergies, networks of stakeholders by sector. For instance, a sectorial social dialogue is needed as a first step in order to anticipate the changes, as it is case for textiles or shipbuilding. A more pro-active approach based on innovation policy is also needed in order to build new competitive advantages. For the coming years, the EU must dispose of a set of strategic industrial goals, such as is the case with Galileo.

In the framework of research policies as well as regional policies, the EU shall keep substantial financial supports to support industrial, sectorial and regional changes.

In this context, Europe's industry has to face the outsourcing phenomenon. We are fully aware of the high level of anxiety raised by this question. This feeling is shared throughout the EU, including in the new member states. We have to face it seriously and prove that political action can effectively address Europe's permanent and fast economic and social changes. Outsourcing is the darker side of this process of change, hitting workers and regions, but it is not just a fact of life. The EU, together with Member States, businesses and trade unions, has the capacity to tackle the negative results of this phenomenon: it can provide a comprehensive response which combines the different political levels of action and set of policy instruments.

#### **Commission communication on Europe's industrial future in strategic sectors**

Within the framework set by the financial perspectives:

- Commission demand for a 400 million € budget to finance an industry and research policy related growth fund.
- Commission demand for a 600 million € budget to fund an external shock (unforeseen crisis) reserve fund for regions receiving structural funds.

## **1.3. Promoting social cohesion and improving quality of life**

To ensure social and territorial cohesion, the EU must create the conditions for convergences capable to prevent the persistence of old inequalities and the emergence of new ones.

### **1.3.1. A PACT FOR REGIONAL CONVERGENCE**

Cohesion policy is based on two convictions : firstly, the Union is a community of solidarity with a common interest in prosperity among its members; secondly, cohesion interventions stimulate competitiveness and offer a good return on the public investment made by improving sustainable development at a EU level. The imperative to make a direct and visible expression of EU solidarity towards citizens is stronger than ever.

The entry of 10 new member countries in May 2004, whose incomes are well below the EU average, has widened the gaps of development among regions. Regional policy transfers resources from affluent to poorer regions. It is both an instrument of financial solidarity and a powerful force for economic growth. Cohesion policy has a solid track record in helping the poorest regions to develop and to reach the EU average level of prosperity. The challenge we face in the coming years is even bigger.

Current expenditure foreseen up to 2006 have been well below the average of former enlargements. Future cohesion expenditure must be increased to cope with the needs of the most vulnerable regions and populations in the years to come. Action based on these funds must be focused on capacity building and entail the the necessary controls. One particular challenge will be to help regions to anticipate and adjust to structural changes generated by globalisation.

**Within the framework set by the financial perspectives:**

Commitment by the Commission to defend the objective of 0.46% of GDP for cohesion policy (in accordance with the agreement reached at the European Council of Edinburgh)

### 1.3.2. PRESERVING SERVICES OF GENERAL INTEREST

Services of general interest are a core element of the European social model. They are an essential means of tackling inequalities in a fragmented society.

As social democrats, we must acknowledge that the sectorial liberalizations carried out these last years have raised concerns among citizens. They put into question the protection of the mission of general interest of these services (equal access for everyone, same quality, low cost) as well as their relation with competition rules. The protection of the general interest should therefore be enhanced while at the same time making sure that this is not an obstacle to the achievement of a single market in services.

The aim of the liberalisations already launched is to allow EU consumers and firms to benefit from the economies of scale generated by the single market. But the existing sector by sector approach has not unleashed its full potential for ordinary citizens. We have to address their concerns and the recent White Paper of the Commission about services of general interest is a step in the right direction. In anticipation of the Constitutional treaty, which provides the appropriate legal base, a framework law defining a European statute for services of general interest is needed. Such a framework law could notably ensure that the future directive on services will not be at the detriment of services of general interest and their mission, and thereby also facilitate political consensus in favour of this directive.

Commission proposal for a Charter of Services of General Interest to pave the way towards a European framework law: inclusion of general principles of equal access, service quality, financing of public service obligations.



### 1.3.3. ADDRESSING OLD AND NEW SOCIAL DEMANDS

The rapid change in international competitive conditions leads to a new division of labour which impacts on all. Its benefits are widespread but, combined with weak growth, it may result in increased unemployment and exclusion. Against this background, the EU must anticipate and accompany forthcoming changes: this is the essence of the European model of social cohesion and economic growth. The promotion of quality is central to this approach: full employment and the quality of work, the quality of social protection and the quality of industrial relations.

The Union needs to adapt, trigger and absorb change. By dynamically addressing these challenges, the Social Policy Agenda is the Union's roadmap for policy and action in the employment and social sphere, as part of the overall Lisbon Strategy. Through the combination of legislation, the open method of coordination, social dialogue, and EU budget support, the agenda is instrumental in modernising the European social model. It is especially important in the case of new member states, where fight against social exclusion and the treatment of vulnerable social groups are more challenging, the welfare system and social services are less developed than in the old member states.

The Social Policy Agenda should help Europe reach its full potential by strengthening social policy as a productive factor and addressing the cost of non-social policy. By growing into a true welfare society built on active welfare states at national levels, the EU must provide the appropriate regulatory framework to create a level playing field for businesses and workers by establishing adequate social standards and basic rights. EU action also acts as a catalyst by facilitating the definition and implementation of reform measures by Member States in their labour market and social policies and, as such, brings about important policy developments with modest financial means. The EU level is also one of the appropriate places to successfully promote social dialogue, as foreseen by the Treaty.

In order to face the new challenges common to all Member States, and in particular to the new Member States, and to manage change in the context of globalisation, demographic ageing and persistent gender inequality, the Social Policy Agenda should be further strengthened.

Access to jobs should be improved by lifelong learning and by promoting adaptability with security, implementing the European employment guidelines and the common objectives for lifelong learning; social protection systems should be reformed in order to safeguard their long term sustainability, namely by implementing the common objectives to reform the pension systems.

More active policies of social inclusion should tackle all discrimination problems including those of immigrants, namely by implementing the national action plans for social inclusion. Within this framework, fostering the development of the non-profit sector in the so-called social economy can help coping with growing demands and social needs, as well as unleashing currently untapped job creation potential. The EU must step up its ability to address the demographic

changes under way, in particular the ageing of its population. The challenge is about adapting the European social model, beyond the differences between national approaches, to effectively cope with this change – with regard to national pension and health systems, training and lifelong learning systems and programmes to develop active ageing, as well as social services.

In its latest Spring report, the Commission called for the establishment of European Partnerships for change, tripartite mechanisms aiming at identifying common challenges and giving appropriate responses in terms of harnessing change. Collective agreements tend to cover an increasingly broad range of issues beyond the classical topics of wages and working time and are being developed into instruments for anticipating and managing change. These partnerships should also address questions related to the new international division of labour stemming from globalisation, with a particular sector by sector focus.

The EU must also reinforce its capacity to monitor the observance of corporate social responsibility rules by multinational businesses active and/or based within the EU. An effective control mechanism based on a soft regulatory approach needs to be put in place in an EU framework. This may best be achieved by developing a CSR product chain label to provide the general public with reliable information on the behaviour of EU-based or active multinationals beyond a certain size. The responsibility for the CSR assessment and labelling would rest with the European Commission, with the work to be performed by a CSR agency. Among assessment criteria to be considered should be the respect of international conventions such as the UN human rights charter, ILO core labour standards and OECD guidelines, criteria on corruption, fair trade principles, and environmental standards (EMAS II).

Commission proposal for a revision of the directive on Work Councils, to reinforce information and consultation provisions and to allow them to discuss the enterprise's strategy on a yearly basis, in the light of foreseeable evolutions.

Commission proposal for a revision of the directive on hygiene and safety at work extending the scope of the directive to include protection against violence at work and the development of professional illnesses including stress.

Commission proposal for a revision of the working time directive to phase out the opt-out clause

Commission to ensure rapid adoption of the proposed directive on temporary workers to balance flexibility with security by avoiding to create a discriminatory labour market.

Commission proposal for a directive aiming at the adoption of a European professional card giving a right to lifelong learning and mutual recognition of professional achievements in the EU

Commission communication on common challenges of an ageing society.

Commission to support establishing a social dialogue at the European level to anticipate and accompany corporate restructuring: tripartite discussion on sectoral evolution and measures implemented at community level (like HLG textile or LeaderShip).

Commission proposal to impose mandatory assessment by an independent agency of social and environmental practices of multinational corporations active and/or based in the EU of more than 5000 employees set up in at least 3 Member-States, according to CSR requirements.

Commission proposal on a legal framework for the enterprises of the social economy, encompassing setting up a horizontal representation of the social economy and an inter-service structure in the Commission.

Commission Communication on increasing the effectiveness of the streamlined open method of coordination on Social Protection and Social Inclusion (notably increased transparency, mobilising all relevant actors; inclusion of output-oriented indicators).

Commission communication on the increased and organized international dimension of work in the black economy and social fraud, and on promoting European and international cross border labour migration.

#### 1.3.4. FIGHTING DISCRIMINATION IN THE WORKPLACE

Several legislative and non-legislative initiatives have been taken at European and national level to combat discrimination. However there is still a long way to go to eradicate discrimination in all its form in the workplace. Outside the workplace this process has hardly started.

All forms of discrimination (based on gender, disability, race, age, sexual orientation, religion or belief) should be eliminated in the workplace with the full implementation of the article 13 directives. There should be a review of the imple-

mentation of this discrimination. In particular, there should be a pan-European review of the under-representation of certain groups in the workplace and persistent pay gap, which discriminates against these groups. This review should put forward recommendations for how member states should meet their legislative anti-discrimination commitments.

Commission proposal to table a review of the implementation of antidiscrimination rules in the work place.

### 1.3.5. ENSURING GENDER EQUALITY

Gender mainstreaming, that is, a systematic consideration of the affect of policy initiatives on gender equality, should be considered in all policies. There should be a higher level of awareness and application of this approach in the three main European institutions in their policy development as well as in member state governments when it comes to implementation.

The EU budget should also be strictly subject to the requirements of gender mainstreaming. Specifically, this means that budget lines should be evaluated in terms of their impact on gender equality and their potential for decreasing the inequalities between men and women.

If and when the EU delivers on these two commitments - gender mainstreaming and budgeting - we will be a significant step nearer to the goal of equality between men and women

Commission proposal on new European legislation to adress all areas of discrimination on the grounds of gender outside the area of employment.

Commission proposal for a legal framework on preventing violence against women.

Commission proposal for an EU Ombudsman on gender equality and policy.

## **OBJECTIVE TWO:**

### ***A SAFE AND PROTECTED ENVIRONMENT: A RIGHT OF EUROPEAN CITIZENS AND A GLOBAL RESPONSIBILITY***

The pressures and the claims on earth resources have dramatically increased over the last half-century. The world population has more than doubled and the global economy has expanded sevenfold. Fossil fuel use has quadrupled, causing a rise in carbon emissions that exceeds nature's capacity to absorb it, and creating the greenhouse effect. In too many regions of the world, trees are being cut faster than they can regenerate, and green lands are converted into desert. In too many seas, fish is taken faster than they can reproduce. In too many areas, soil erosion exceeds new soil formation. As world demand for water has spiralled, wells are going dry and water tables are falling. Rivers are also being drained dry, to the detriment of wildlife and ecosystems.

New technologies, which bring unprecedented promises of increased wealth and better quality of life, often also involve new and complex risks. Therefore we need norms, rules and governance practices which are at the height of this complexity.

Most of the emerging environmental challenges cannot be addressed without resolute action at international level. Therefore, the European Union must consolidate its role as a key global player, committed to the principles of intra-generational and inter generational solidarity, and to the method of multi-lateralism, with a view to achieve sustainable development both domestically and internationally.

Moreover, rich countries have a special responsibility and must take the lead in the move towards sustainable production and consumption patterns, not only because their relative contribution to the generation of the environmental problem is much higher, but also because "leading by example" is the only manner to establish a credible and effective leadership on the international scene.

Commission proposal for the doubling of the target for renewable energy by 2020 from 6% to 12%.

## 2.1. The environment as a public good

The environment is the most outstanding common good and the environmental policy is a crucial community policy. However, the environmental dimension is horizontal and therefore it is underlying all the policies. There is a need for highlighting how these environmental needs are taken into account in key policies:

### 2.1.1. COMMON AGRICULTURAL POLICY AND RURAL DEVELOPMENT

On 26 June 2003, EU farm ministers adopted a fundamental reform of the Common Agricultural Policy (CAP). In future, the vast majority of subsidies will be paid independently from the volume of production. This new “single farm payments” has been linked to the respect of environmental, food safety and animal welfare standards as well as the requirement to keep all farmland in good agricultural and environmental condition (“cross-compliance”). More money will be available to farmers for environmental, quality or animal welfare programmes by reducing direct payments for bigger farms. Consequently, the pillar of rural development has been enhanced. Rural development promotes the adaptation of farmers and the rural community across the Union to new needs in the rural economy, while at the same time supporting high environmental benchmarks and paying special attention to the Union’s less-developed regions.

The Commission will have to make sure that these measures are effectively implemented by member states. This ambitious reform will require adjustments to guarantee more equity in allocating direct aids and it implies to reinforce the measures to protect the environment on the basis of sustainability impact studies.

Commission Commission proposal to extend the list of environmental protection directives setting conditions for the attribution of direct subsidies (on the ground of the cross-compliance principle)

Commission proposal to fix a ceiling for direct subsidies to 300,000 € per farm

### 2.1.2 TRANSPORTS AND TRANS-EUROPEAN NETWORKS

The increase of transports, particularly road transports, is a threat – at short term- for the environment equilibrium. Encouraging a shift from road to more environmentally sustainable transport modes must be continued. The development of effective transport networks is central to a successful economy. Competitiveness gains in other sectors can be squandered if infrastructure is dogged by problems like congestion.

Action to promote inter-modality would focus on tackling road congestion in cross-frontier bottlenecks across Europe. To address this issue, the Commission should launch a programme of investment in infrastructures, stressing the needs in the enlargement countries.

The cost of the infrastructure can be borne by the public authorities and the citizens, and the financial resources raised by this channel shall be affected to sustainable transportations.

Commission directive proposal on the rating of infrastructure at their real cost (including environmental costs) to affect resources to investments in sustainable transports (cf. Commission White Paper 2001)

Launch an investment programme in infrastructures (trans-European networks): Commission proposal identifying 10 European piggyback junctions and 3 sea highways

Commission proposal aiming at having 90% of Europeans connected to high speed internet via TEN (Trans-European Networks (RTE)) programmes and structural funds.

### 2.1.3 INDUSTRIAL REGULATION

EU legislation must strike a balance between the need for social, environmental and consumer protection and the strengthening of EU competitiveness. Better regulation is to be achieved by judging the relevance and content of legislative proposals on the basis of objective regulatory impact assessments.

Industrial activities must be regulated by strict environmental and health norms. In the case of chemicals, a balance must be found between taking advantage of chemicals without exposing citizen's health and environment to risk and the legitimate interest of the European industry. The REACH programme adopted by the Commission aiming at a more responsible way of management risks for chemicals will have to be judged this way.

Commission proposal on guidelines for regulatory impact assessments in the framework of the inter-institutional agreement on better lawmaking.

Determined action by the Commission to obtain the adoption of the REACH programme by 2006, while ensuring that the Commission proposal is not diluted.

## 2.1.4 PROMOTING THE KYOTO PROTOCOL

The EU needs to continue to play a lead role at international level in managing climate change. With its trading emission system, the EU has taken the lead in finding cost effective ways to reach ambitious emission reduction targets. At present, the emission trading system covers a limited range of industrial activities, representing some 12.000 installations representing close to half of EU's emissions of CO<sub>2</sub>. Other sectors also generate greenhouse gas emissions: in the EU, transport is responsible for 21% of EU greenhouse gas emissions, households and small businesses for 17% and agriculture for 10%. So, Member States can and should also take measures to reduce emissions in these sectors.

The schemes need to be extended to additional sectors, in particular transports, in light of the experiences made with the present system.

Commission proposal aiming at extending the scope of greenhouse gases emission rights to transports and buildings for the 2013-2017 period.

## 2.1.5 A SHARED RESPONSIBILITY

To address the sustainable development objective, we need to further change our patterns of production and consumption. If they were to be the model of development globally, they would put our planet at risk. The PES argues for a society that produces and consumes in a reasonable, equitable and responsible way. Energy production and use must be made more efficient. Environmentally-friendly technologies need to be further developed and strengthened.

Attention must be paid to the export of industrial and climatic risks towards the developing countries. A global effort should be made to ensure that lower environmental standards do not stimulate business relocation.

The economic actors, and especially the transnational corporations, must take into account the environmental impact of their activities. It constitutes a key dimension when it comes to monitoring the implementation of corporate social responsibility.

Commission proposal to revise the directive on European works councils to include a yearly debate and the adoption of a report by the Shareholders' General Assembly on the sustainable development strategy of the corporation and on the respect of environmental norms by the mother company and its subcontractors (in the light of the CSR evaluation by an independent agency).



## 2.2 Food safety and consumer rights

Emergence of sanitary food crises has lately shed light on the limits of a model that prioritises economic activity over other dimensions. Sustainable development goes through ensuring food and sanitary security as well. Moreover, if the citizens are expected to adopt responsible consumption patterns, the authorities must stand up for their consumer rights.

### 2.2.1. FOOD SAFETY

The European food safety legislation has been established progressively in order to correspond to the food production environment, which has tremendously changed since the signature of the Treaty of Rome. At that time, the main concern of the Institutions was to produce enough food to feed the European population.

Following the food scares in the recent past (dioxin, BSE, *Listeria*), the Commission has set out a radical reform of the food safety system with a “farm to table” approach covering all sectors of the food chain, including feed production, primary production, food processing, storage, transport and retail.

The establishment of the European Food Safety Authority in 2002 is playing a central role in evaluating the risks posed by new foodstuffs and by advising the EU Institutions on all scientific aspects of food and feed production, processing and marketing.

Feed and food operators have now the primary responsibility for food safety, while Member States need to ensure surveillance and control of these operators and the Commission shall test the performance of Member States’ control capacities and capabilities through audits and inspections.

Commission proposal on the organisation by the Commission’s services of a control of the enforcement of controls by national food safety agencies.

### 2.2.2 CONSUMER RIGHTS

Strengthening consumers' rights, prosperity and wellbeing are core values of the EU and this is reflected in policies and already existing EU laws. With products and services circulating freely within the internal market, providing consumers also with more choices and different prices, health and safety of consumers are essential values, which need to be protected by EU intervention.

EU action is also required to ensure that consumers' economic interests are adequately protected and that they have full access to the information they require in order to make informed choices.

The overall key objectives of EU policies and laws are to achieve a high common level of consumer protection, to ensure the effective enforcement of consumer protection rules, and the proper involvement of consumer organisations in all EU policies.

These three objectives are being implemented through actions, which will be subject to periodic review. It is therefore essential for the EU to create and maintain consumer confidence whilst ensuring the enforcement of consumer rights across all Member States.

### 2.2.3 HEALTH SAFETY

European citizenship goes beyond consumer and worker rights. So far, the EU has under-estimated its potential for action in favor of the protection of individuals' basic needs and rights. Health should be given more priority in the future.

Although EU competences are limited in this field, there is much scope to improve cooperation between Member States. As social democrats, we cannot accept that the EU has developed more safety laws for animals or goods than for its citizens.

Commission proposal to initiate a legal requirement to set up permanent and harmonised European biomonitoring system initially monitoring the health of 50,000 children in 100 cities across the EU.

Commission proposal for a programme of monitoring of human transmissible diseases

Commission proposal to set up of the Health Monitoring Agency before 2006

### **3. OBJECTIVE THREE:**

## ***A EUROPE OF FREEDOM, SECURITY AND JUSTICE***

Five years ago, nobody could have anticipated the degree of progress which has been accomplished over the past five years in a policy field which remains extremely sensitive and close to the heart of national sovereignty. The challenge for the years coming is to launch a new phase with a special focus on citizens and their needs, in particular when it comes to combating international organised crime. This will be developed against the background of enlargement, taking into account a new institutional framework and new financial perspectives.

The key objective of ensuring the security of citizens will have to be pursued while fully respecting fundamental rights. For expectations to be met, it is imperative that EU legislation be correctly implemented at national level.

From an institutional point of view, before the ratification and entry into force of the Constitutional Treaty, we should use in full the possibilities offered by the Nice Treaty, which enable an extension of matters to be covered by co-decision and decided at qualified majority.

## **3.1. Protecting civil liberties while tackling old and new threats**

### **3.1.1. PROMOTING FUNDAMENTAL RIGHTS**

Facing new threats and confronting a growing sense of insecurity requires a clear commitment to fundamental rights and civil liberties. We strongly believe in democracy. Fighting terrorism and organised crime requires the full use of all instruments available in absolute conformity with our democratic principles. This means the rejection of a securitarian approach that would lead to the sacrifice of fundamental rights and liberties. At the same time Europe needs to be more active in the promotion of a culture of liberty with responsibility, both internally and at global level. Non-discrimination, enhanced dialogue between different nationalities and cultures, and promoting tolerance remain high on the social democratic agenda. We will not harness the future if we fail in deepening mutual understanding, respect and tolerance within the enlarged EU.

Promotion of fundamental rights, transparency, democratic accountability are part of the fight against the threats we are confronted with. The Agency of Fundamental Rights to be created, the accession of the EU to the European Convention of Human Rights and a more systematic action against populism, racism and xenophobia are the main priorities for us in the years to come. This agenda should be vigorously pursued by the Commission, also by ensuring close coordination between the various Commissioners concerned.

Commission proposal for a directive to create the European Agency for Fundamental Rights

Commission proposal for the EU to join the European Convention on Human Rights at the entry into force of the Constitutional Treaty

### 3.1.2. ENSURING EXTERNAL BORDER CONTROL

The fight against terrorism will remain at the top of the agenda with a particular effort to be made on intelligence sharing. In the short-term, priority should be given to the consequences of terrorism, fighting against the financing of terrorism and ensuring the protection of critical infrastructure. Of course, this should be accompanied by the long-term objective of addressing the root causes of terrorism. Eurojust and Europol need to be fully exploited.

Another challenge in the consolidation of an area of freedom, security and justice is that of ensuring an integrated management of external borders. This requires action with and in third countries of origin and of transit, in parallel with cooperation on the management of migration, control and surveillance of external borders and controls inside the territory.

Within Europe, tackling violence against women should be done on a pan-European level. Some Member States, such as Spain, are forging ahead on this issue. The rest of Europe should follow their lead.

The development of the second-generation Schengen Information System will be one of the most important issues for the next two years as it will be a pre-condition for the lifting of internal borders with the new Member States.

Commission proposal for the implementation of the decision to set up the European External borders control Agency by the end of 2005

Commission proposal to create a European Border Guards body

Commission proposal on the protection of personal data in the framework of the fight against terrorism.

Commission proposal to launch an international convention to fight financial crime and tax avoidance in order to codify already existing practice developed within the framework of the OECD Financial Action Task Force on Money Laundering.

### 3.1.3. ENHANCING JUDICIAL COOPERATION

Judicial cooperation in civil and commercial matters, based on the mutual recognition principle, is one of the success stories in the development of justice and home affairs policy. This is an area which has a direct impact on the daily life of citizens and businesses. New efforts are now needed on family law and on the execution of court decisions.

As far as judicial cooperation on criminal matters is concerned, based on the principle of mutual recognition, mutual assistance needs to be enhanced and progress made on the execution of court decisions. An effective implementation of already adopted instruments, such as the European arrest warrant will be crucial for further progress. The creation of a European criminal record will be an essential step forward. The identification of common procedural guarantees will play a key role in this respect, not only by promoting the human rights dimension of justice but also by creating the necessary conditions for mutual confidence and hence for mutual recognition. Finally, some harmonisation measures will still be needed for fighting cross-border crime more effectively.

Commission proposal to set up common and minimal European criminal procedure guarantees

## 3.2 Managing immigration as a mutual opportunity

Immigration issues will remain at the top of the political agenda in the years to come. We support the implementation of the measures already adopted to fight trafficking in human beings and illegal migration. But we believe that a strong policy on legal migration is also required, especially coordinating at European level legal admission policies for economic purposes

We need to have more transparency on the real figures of legal migration and to cooperate with third countries in defining legal channels for those who want to come and work in Europe and that we can successfully integrate in our societies. Europe needs migrants and we have to recognize that our citizens will only be prepared to accept this if we can show that it is possible to regulate the admission of economic migrants, fight illegal immigration that disrupt our own labour market and that we are determined to pursue an integration policy that is based on the right balance between the respect of ethnic, cultural and religious diversity and the respect of values and principles of our democratic societies (fundamental human rights, rule of law, equality between men and women, secular nature of the state).

The European Union will remain a region of immigration in the future, but immigration which is legal, adequately managed in respect of the capacity of Europe's labour markets and successfully integrated. This is why a new EU approach to immigration is needed, combining a quota-based immigration policy with very active and effective integration policies based on a 'rights and duties' approach. The ability of the EU to integrate legal immigrants and help them to become European citizens who fully adhere to the democratic values of the EU, with equal rights and duties, is crucial for our social cohesion and economic prosperity. A key element of a successful integration policy is the recognition of a status of citizenship to legal migrants, including the participation in public life of the host countries. Within the EU framework, Member States could develop a common set of minimum claims to immigrants (respect of fundamental rights, language requirements, ...) based on a rights and duties approach.

Commission proposal on the coordination of the economic immigrant admission policy as a step towards the establishment of legal immigration quotas coordinated at the EU level.

Commission proposal of common principles and best practices exchange on integration of immigrants in our societies, including EU financial support.

Proposal for a directive to harmonise resident permits and travel documents for legal immigrants.

### 3.3. Protecting the right to asylum

The foundations of a Common European Asylum System are now in place with the establishment of minimum standards but much still has to be done to establish a common system, consisting of defining a uniform status and a common procedure.

It is important to uphold the right to asylum, in full respect of the Geneva Convention. This right is not conditional on the capacity to absorb refugees, as long as the abuse of this right is prevented through efficient and rapid national assessment procedures and close coordination between national public administrations within the EU.


In close cooperation with the UN High Commissioner for Refugees, we should develop a more coherent strategy aiming at giving protection in the regions of origin to those who are in need of international protection as close as possible and as soon as possible. This approach can only be considered as complementary to the absolute obligation of European countries to protect those who are genuine refugees and asylum seekers who present the claims on the territory of our member States.

Proposal by the Commission for the creation by 2010 of a common European asylum system based on the principal of 'one stop shops' in Member States as well as in third countries.

### 3.4. Promoting cultural diversity

Globalisation has many faces. Trade opening accelerates the diffusion of values and different models of society. It can foster peace by helping people to learn from each other. However, one of the darker sides of globalisation in this context is the risk of cultural uniformisation. Therefore, guaranteeing individual and civil liberties is now intimately linked to guaranteeing the existence of cultural diversity.

Trade liberalization and its juridical tools (market access, competition...) combined to the development of communication and information technologies have a very important impact in cultural industries and tend to cover, nowadays, the whole scope of human cultural creations. If the worldwide spread of these creations is an unique opportunity to enrich cultures, it shouldn't threaten the most fragile and the less competitive ones – regarding the forces of the market. Within the European Union, internal instruments do exist in order to support the expressions of the diversity of cultures. The step forward remains to be made on the international scene: in adequacy with the universal declaration on cultural



diversity of the UNESCO and with the Treaty, we need to build the framework needed both to preserve the cultural diversity and to promote it, regarding a sustainable development approach. The lack of international juridical instrument dedicated to organise, in a more balanced way, the cultural exchanges in the respect of core cultural rights – including cultural diversity – has to be fulfilled.

As far as the media industry is concerned, the Commission shall take into account the current phenomenon of media concentration. On the basis of competition rules, the Commission should take action to prevent this phenomenon, which is harmful for cultural diversity and freedom of expression.

Commission support for a rapid conclusion of a UNESCO convention on cultural diversity

Adoption by the Commission of guidelines on the control of concentrations in the media sector



## **OBJECTIVE FOUR:**

### ***THE EU AS AN ACTOR FOR A PEACEFUL WORLD***

With more than 450 million inhabitants and a quarter of world output, the Union of 25 – and soon 27 - members should wield considerable influence over the long-term political and economic choices determining prosperity and stability in Europe and the wider world, which in their turn influence the well-being and security of Europeans. There is, however, a gap between its economic weight and its political clout. The Union is not a State, but coherent external relations can increase its influence far beyond what Member States can achieve separately or even along parallel lines of action.

Enlargement has entrusted the EU with even greater responsibilities, as a regional leader and as a global partner. It should therefore strengthen its capacity to promote human rights, democracy and the rule of law as well as its capacity to focus on the fight against poverty, both in its neighbourhood and through its multilateral and bilateral policies which are mainly aimed at sustainable development and political stability. In this way, the EU will achieve genuine consistency between its domestic and its external agendas contributing thereby to global security and prosperity.

In this framework, the EU should also actively support regional integration processes as part of a wider agenda to build a new global order. It would be part of a global strategy of political integration, shaping a common basis for understanding and coexistence in all of the world's civilisations. Denial of recognition is at the root of fundamentalist politics. For any counter-strategy to have a hope of success, Europe must also have a strong, credible component of the politics of recognition – not of course of terrorism and its underlying ideology, but of the wider cultural identity that it claims to represent and the legitimate social, political and economic interests of the people who share it. The EU should promote a global policy of cultural understanding and recognition.

#### **4.1. A safe and prosperous neighbourhood**

The EU's role as a regional leader is critical not only for itself and its neighbourhood, but also as a stepping stone for its contribution to sustainability and stability at the world scale. Building on the successful features of previous enlargements, the expanded EU should stabilise its wider neighbourhood and support its development through narrow cooperation and through a level of integration as high as appropriate to the needs and possibilities of the candidate and their immediate neighbours. Liberalising trade and investment, promoting a suitable degree of regulatory convergence,

connecting its transport, energy and communication networks with them will support their own internal development strategies which remain the key to success. Enhanced cooperation in education and training, which is already a success of EU's neighbourhood policy, will be essential to support this integration. Jointly agreed policies on immigration will rest on the one hand, upon jobs creation in the emigration countries, and, on the other, upon integration of legal migrants in the widened EU.

Environmental and nuclear safety and energy security are also major issues for the EU in its dealings with its neighbours. Illegal immigration, organised crime, trafficking of various kinds, especially of women and young girls, and terrorism are also serious threats which call for concerted action with these countries. In the case of communicable diseases both global prevention policies and affordable treatment, such as generic medicines, should be promoted by the EU. Expanding the four freedoms of the Single Market throughout the area while stepping up security requires a high degree of cooperation and integration.

Beyond the specific interests uniting those Member States which share a border with the EU's neighbours to the North and South, the EU has a collective interest in consolidating democracy and the rule of law and in vigorously encouraging economic reforms and integration throughout the area formed by the EU with Russia, and the other countries in Eastern Europe, the Balkans and the Mediterranean through to the Persian Gulf. Extending the benefits of intensive and balanced trade with a 25-member EU to the whole of this area by integrating these countries into an area founded on common values and a larger market structured by interconnected networks and common rules and standards is an enormous challenge. The growing gaps in income and differing historical experiences have created a considerable divide between the EU and its neighbours, a divide that must be bridged by joint efforts over a long period.

Its partners to the East and the South can no longer put off the political and economic reforms on which depend the industrialisation/reindustrialisation and development of services needed to create the millions of jobs necessary to improve living standards and address the frustrations of young people. Keeping the Copenhagen criteria in mind as reference, the conditions attached to EU co-operation and assistance and the loyalty shown by the Member States to the EU in bilateral dealings with these countries are important in getting things moving in the right direction.

In its neighbourhood and beyond, the EU cannot, however, confine itself to the economic and political spheres; it also increasingly needs to be able to guarantee stability, prevent conflicts and manage crises on its own doorstep, if as a last resort by using force under a UN mandate.

Commission proposal for a pre-accession strategy in the framework of the neighbourhood policy

Commission proposal for the definition of action plans by 2005 for the implementation of the neighbourhood policy

## 4.2. Reforming global governance: regulation and solidarity

The main contribution that the EU, at this point in its integration, can now make to world security is to work actively for sustainable development through global governance and through its bilateral relations.

The serious imbalances that have long beset the global economy are worsening and now impede the return to higher, more stable growth. Remedying these imbalances calls for greater global economic governance. Preventing a relapse into protectionism and a deterioration in labour conditions is imperative.

The EU must continue to push forward social and environmental rights on the global scene. The European strategy for global development should aim at 'globalising social progress', notably by seeking effective ways to strengthen the rights of workers and social standards in developing countries, in close partnership with national governments in these countries, with the International Labour Organisation and social partners at international level, and through other international organisations and agencies.

In the years to come, the EU must sustain the strong push it has given to the Doha Development Round and keep the priority it has given to the development dimension in trade liberalisation. It should maintain the position it has taken according to which no new commitments should be taken as to the opening of European public services.

With its integrated trade policy, its status as the leading aid donor and its growing experience of negotiating multilateral norms, the EU should contribute towards modernising the institutional apparatus created at Bretton Woods to adapt it to the new challenges of globalisation. It has demonstrated its commitment to coherent governance through its leadership at the major UN conferences, which establish sustainable development and international aid doctrine. A new body is needed within the UN system to ensure the coherence of these international organisations actions in respect with sustainable development objective.

The EU should also provide more debt relief to achieve debt sustainability over time and, in particular, cancellation of debt for poorest countries. In order to provide more adequate means to the achievement of the UN Millennium Goals by 2015 and beyond, the EU should continue to raise its total development aid to 0.5% of its GDP by 2009 and establish a roadmap to achieve 0.7% of GDP for this aid by 2015.

Commission proposal to the European Council by June 2005 to raise total EU development aid to 0.5% of its GDP by 2009.

Commission proposal to the European Council to establish a roadmap to achieve the 0.7% of GDP for EU development aid by 2015.

In order to solve global environment problems, a fruitful cooperation between developing and industrialised is needed. The EU has already committed itself to a number of obligations in relation to assisting developing countries to generate sustainable development. However, for these commitments to be put into action, additional funds are needed.

A presence in the trading, financial and regulatory pillars of economic governance and in UN bodies and agencies would enable the EU to contribute more effectively to North South convergence and to sustainability through the implementation of the Millennium Development Goals and the decisions at the Johannesburg Summit of 2002.

There are three conditions for this:

- ▶ A real involvement in international financial institutions. The EU still lacks a coherent approach shaping the strategy of the Bretton Woods financial institutions, especially in preventing and managing financial crises and in the lending policy and conditions that offer so much leverage when promoting reforms in borrowing countries. The EU could help push conditions in the direction of sustainable development. Central in this respect is the capacity of the EU to influence the conditionality packages negotiated by the Bretton Woods institutions, as well as their management of financial crises, in accordance with the EU's own political and economic external policy objectives. The strengthening of the voice of the EU in the Bretton Woods institutions is a gradual process, that should start with a stronger co-ordination at EU level. In the longer run, Community membership of the Bretton Woods institutions should not be excluded.
- ▶ A better use of and synergy between European and Member States' development policies to fight poverty. This can notably be achieved through a stronger financial commitment for development - including innovative sources of financing such as the International Finance Facility or global taxation - in line with the objectives set up by the Millennium Development Goals and new coordination mechanisms to ensure the coherence between these policies. The EU, in coordination with the UN and World Bank, should rapidly seek reliable estimates of actual financing needs to achieve the UN Millennium Goals, without which new financial commitments by donor countries will be extremely difficult to justify and to obtain.

- An increased coherence for the EU of its internal choices in terms of their effect on the rest of the world and a more active cooperation policy to promote European standards: examples include the impact of the application of the Kyoto Protocol on the value of emission certificates, the reform of the CAP and fishery policy, the level of food or environmental standards (e.g. genetically modified organisms) and energy choices. The dialogue with civil society inside and outside the EU on the basis of sustainability impact studies helps to keep the EU focused on the interests of all stakeholders. Such issues must gain a higher profile in EU bilateral agreements with third countries.

Commission proposal to create a UN Development Council to ensure coherence and efficiency among international organisations and policies mostly in the economic, social and environmental fields (to include representatives from industrialised countries, the major emerging countries and least advanced countries, maximum 20 members)

Commission proposal to ensure that fundamental social rights are taken into account in the textile and clothing sector worldwide (use this sector as a test case for advancing fundamental social rights in developing countries)

Commission proposal on a single EU representation in technical international organisations (World Intellectual Property Organisation, International Postal Union, World Customs Organisations, Codex Alimentarius, International Civil Aviation Organisation for example)

## 4.3. A common strategy on foreign policy, security and defence

The Union should play its full role in global political governance in support of “effective multilateralism”. It should also contribute to strategic security as defined in the European Security Strategy endorsed by the European Council in December 2003. The EU must promote a wider security concept to the international community. This concerns protection against threats as well as ensuring civilian security and the protection of populations inside and outside Europe.

**Strategic security:** in the face of fundamental threats - terrorism, the proliferation of weapons of mass destruction and the failed states, internal and regional conflict - the EU has to operate in its region, at the level of the international order and at the level of frontline action beyond its borders (for instance through crisis management operations). These operations call for appropriate combinations of civil and military means. The EU must have a credible military option additional to the other foreign policy instruments available. The EU is in the unique position to be able to offer a broad

range of instruments for crisis management. In this way the EU could become a civilian superpower that operates differently from the US because the element of soft power will be dominant. Its military component would be large enough for limited operations in or outside Europe in which the EU could also handle the post conflict civilian operations. It is fundamental that the EU improves its capacity to anticipate crises. The available post conflict instrument, such as negotiation and mediation as well as support for democratic and economic reforms in crisis-ridden countries should be used for conflict prevention. All military action must be taken in accordance with the UN Charter.

**Civilian security:** in today's world, characterised by openness and instability, civilian populations are increasingly exposed to risks such as conflicts, natural disasters, and pandemics. The EU, as a continent without frontiers, lends itself to the consequences of such risks and threats. Consistent with its role as a leading partner in the promotion of sustainable development, human values and global governance, the Union must also take appropriate external action, and effectively support international efforts, which affect not only the physical security of civilian populations and their potential for development, but also overall security and stability.

To raise the EU's capacities in this regard, further efforts must be made to increase available resources and to pool them more effectively. In order to strengthen military capabilities, there is a need for increased security-related research and reinforced civilian crisis management, diplomatic and intelligence capabilities.

In this context, Member States should make an effort to reach a genuine adherence to the European Security Strategy and offer a substantial mandate to the future 'EU minister of Foreign Affairs. A priority will be to seek a new partnership with the US in these fields. The coherence between policies in the field of foreign affairs has to be drastically improved. Not only to enhance the effectiveness of its actions, but more so to ensure the credibility of EU foreign policy and the scope of its informal power. The cooperation between Member States on issues of security, intelligence and the fight against international crime must be improved. Member States are called on to work closely together. Where needed, the responsibilities of the coordinating bodies should be extended.

Commission communication on a new partnership strategy with the United States

Commission proposal to transform the European Spatial Agency in a Community Agency

## CONCLUSION

This report argues that an ambitious and far-reaching European policy agenda for 2005-2009 is indispensable to tackle the many challenges we are facing. Our national governments and the Council, the newly appointed European Commission, and the newly-elected European Parliament face an unprecedented collective political responsibility in securing a prosperous and promising future for Europe's citizens and, indeed due to the European Union's economic and political dimension, for the world.

Social democrats across the EU, in our parties, in government, in parliaments at national and at European level, and in other organisations, should regard this political responsibility as their own. We believe that our political community, because of its values and because of its political history and achievements, must naturally play a leading role in shaping a strong European and global vision of prosperity, equality and solidarity for the years to come. We must build a new type of solidarity, which draws on a reinforced dialogue with civil society and ensures that any initiative considers the impact on all stakeholders.

Implementing the proposals we advance will require adequate financial resources at Community level. Accordingly we believe that this calls for the adoption by 2005 of the 2007-2013 Financial Perspectives along the lines of the Commission proposal, giving priority to prosperity, equality and solidarity.

We invite our political leaders to adhere to the political vision outlined in this report and we appeal to our political organisations at national and at European level to actively promote this vision. In particular, we call on the Party of European Socialists and on its Parliamentary Group to play a leading political role in this respect and to further strengthen their political thinking and action along these lines in concrete terms in the months and years to come.

# ANNEX

## I. SUMMARY OF CONCRETE PROPOSALS AND RECOMMENDATIONS

### Objective 1: A Europe of progress and full employment

1. Rapidly develop an efficient framework for budgetary surveillance, with the adoption by end of 2005 of the Commission proposal on the reform of the Stability and Growth Pact.
2. Proposals by the Commission to the European Council on:
  - ▶ allowing a harmonisation of national budgetary agendas with that of the Broad Economic Political Guidelines (GOPE) - transitional phase 2005-2008
  - ▶ asking for the setting of a global deficit objective for the Eurozone, with a detail by country according to their situation in the economic cycle.
  - ▶ foreseeing the holding by National Parliaments of a specific debate on the position of their country within the European economy at the start of every budgetary debate.
3. A better governance in financial matters:
  - ▶ In accordance with article 111.2 TEC, proposal of the Commission to the Council (following consultation with the ECB) to formulate general orientations for exchange rate policy in accordance with the price stability objective.
  - ▶ For the 2005-2008 period: Commission Proposal to unify external representation of the eurozone through the adoption of common positions binding the Member-States within international financial institutions (IMF and World Bank in particular)
  - ▶ For the 2008-2013 period: Commission Proposal to totally unify the external representation of the eurozone within international financial institutions (one community seat, no more national seats)
4. Developing Europe: At the 2005 Spring European Council, the Lisbon strategy should be turned into a concrete and focused five-year action programme on “Developing Europe” with a precise indication of decisions and steps to be taken at EU and at national levels, following the model of the Single Market 1992 programme
5. Commission proposal by 2007 to harmonise the national corporate tax bases.
6. A multi-annual European Growth and Investment Strategy




7. Commission proposal for the next Framework Research and Development Program planning the doubling of financial amounts allocated, representing 40 billion € for 2007-2013.
8. Commission proposal allowing to triple the number of available researcher mobility scholarships/grants
9. Commission to insist on rapid adoption of the proposal to increase the number of students benefiting from the Erasmus program from 120.000 to 390.000 students by 2013.
10. Commission communication on Europe's industrial future in strategic sectors
11. Within the framework set by the financial perspectives:
  - ▶ Commission demand for a 400 million € budget to finance an industry and research policy related growth fund
  - ▶ Commission demand for a 600 million € budget to fund an external shock (unforeseen crisis) reserve fund for regions receiving structural funds
12. Within the framework set by the financial perspectives:

Commitment of the Commission to defend the objective of 0.46% of GDP on cohesion policy (in accordance with the agreement reached at the European Council of Edinburgh)
13. Commission proposal for a Charter of Services of General Interest to pave the way towards a European framework law: inclusion of general principles of equal access, service quality, financing of public service obligations
14. Commission proposal for a revision of the directive on Works Councils, to reinforce information and consultation provisions and to allow them to discuss the enterprise's strategy on a yearly basis, considering the foreseeable evolution
15. Commission proposal for a revision of the directive on hygiene and safety at work extending the scope of the directive to include protection against violence at work and the development of professional illnesses including stress
16. Commission proposal for a revision of the working time directive to phase out the opt-out clause
17. Commission to ensure rapid adoption of the proposed directive on temporary workers to balance flexibility with security by avoiding to create a discriminatory labour market.
18. Commission proposal for a directive aiming at the adoption of a European professional card giving a right to lifelong learning and mutual recognition of professional achievements in the EU.
19. Commission communication on common challenges of an ageing society
20. Commission to support establishing a social dialogue at the European level to anticipate and accompany corporate restructuring: tripartite discussion on sector-by-sector evolution and measures implemented at community level (like HLG textile or LeaderShip).

21. Commission proposal to impose mandatory evaluation by an independent agency of social and environmental practices of corporations of more than 5000 employees set up in at least 3 Member-States, according to CSR requirements.
22. Commission proposal on a legal framework for the enterprises of the social economy, encompassing setting up a horizontal representation of the social economy and an inter-service structure in the Commission.
23. Commission Communication on increasing the effectiveness of the streamlined open method of coordination on Social Protection and Social Inclusion (notably increased transparency, mobilising all relevant actors; inclusion of output-oriented indicators).
24. Commission communication on the increased and organized international dimension of work in the black economy and social fraud, and on promoting European and international cross border labour migration.
25. Commission proposal to table a review of the implementation of anti-discrimination rules in the workplace
26. Commission proposal for a new European legislation to address all areas of discrimination on the grounds of gender outside the area of employment
27. Commission proposal for a legal framework on preventing violence against women
28. Commission proposal for an EU Ombudsman on gender equality and policy

#### Objective 2: A safe and protected environment

29. Commission proposal for the doubling of the target for renewable energy by 2020 from 6% to 12%
30. Commission proposal to extend the list of environmental protection directives setting conditions for the attribution of direct subsidies (on the ground of the cross-compliance principle)
31. Commission proposal to fix a ceiling for direct subsidies to 300,000 € per farm
32. Commission directive proposal on the rating of infrastructure at their real cost (including environmental costs) to affect resources to investments in sustainable transports (cf. Commission White Paper 2001)
33. Launch an investment programme in infrastructures (trans-European networks): Commission proposal identifying 10 European piggyback junctions and 3 sea highways
34. Commission proposal aiming at having 90% of Europeans connected to high speed internet via TEN (Trans-European Networks (RTE)) programmes and structural funds.

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- 35. Commission proposal on guidelines for regulatory impact assessments in the framework of the inter-institutional agreement on better lawmaking
  - 36. Determined action by the Commission to obtain the adoption of the REACH programme by 2006, while making sure that the Commission proposal is not diluted
  - 37. Commission proposal aiming at extending the scope of greenhouse gases emission rights to transports and buildings for the 2013-2017 period
  - 38. Commission proposal to revise the directive on European works councils to include a yearly debate and the approbation of a report by the Shareholders' General Assembly on the sustainable development strategy of the firm and on the respect of environmental norms by the firm and its subcontractors (in the light of the CSR evaluation by an independent agency)
  - 39. Commission proposal on the organisation by the Commission's services of a control of the enforcement of controls by national food safety agencies
  - 40. Commission proposal to initiate a legal requirement to set up permanent and harmonised European bio-monitoring system initially monitoring the health of 50,000 children in 100 cities across the EU
  - 41. Commission proposal for a programme of monitoring of human transmissible diseases
  - 42. Commission proposal to set up of the health monitoring agency before 2006

### Objective 3: A Europe of freedom, security and justice

- 43. Commission proposal for a directive to create the European Agency for Fundamental Rights
- 44. Commission proposal for the EU to join the European Convention on Human Rights at the entry into force of the Constitutional Treaty
- 45. Commission proposal for the implementation of the decision to set up the European External borders control Agency by the end of 2005
- 46. Commission proposal to create a European Border Guards body
- 47. Commission proposal on the protection of personal data in the framework of the fight against terrorism.
- 48. Commission proposal to launch an international convention to fight financial crime and tax avoidance in order to codify already existing practice developed within the framework of the OECD Financial Action Task Force on Money Laundering.

49. Commission proposal to set up common and minimal European criminal procedure guarantees
50. Commission proposal on the coordination of the economic immigrant admission policy as a step towards the establishment of legal immigration quotas coordinated at the EU level
51. Commission proposal of common principles and best practices exchange on immigrant integration in our societies, including EU financial support
52. Proposal for a directive to harmonise resident permits and travel documents for legal immigrants
53. Commission proposal for the creation by 2010 of a common European asylum policy based on the principle of 'one stop shops' in the Member states as well as in third countries
54. Commission support for a rapid conclusion of a UNESCO convention on cultural diversity
55. Commission proposal for guidelines on the control of concentrations in the media sector

#### Objective 4: The EU as an actor for a peaceful world

56. Commission proposal for a pre-accession strategy in the framework of the neighbourhood policy
57. Commission proposal for the definition of action plans by 2005 for the implementation of the neighbourhood policy
58. Commission proposal to the European Council by June 2005 to raise total EU development aid to 0.5% of its GDP by 2009
59. Commission proposal to the European Council to establish a roadmap to achieve the 0.7% of GDP for EU development aid by 2015
60. Commission proposal to create a UN Development Council to ensure coherence and efficiency among international organisations and policies mostly in the economic, social and environmental fields (to include representatives from industrialised countries, the major emerging countries and least advanced countries, maximum 20 members).
61. Commission proposal to ensure that fundamental social rights are taken into account in the textile and clothing sector worldwide (use this sector as a test case for advancing fundamental social rights in developing countries).
62. Commission proposal on a single EU representation in technical organisations (World Intellectual Property Organisation, International Postal Union, World Customs Organisations, Codex Alimentarius, International Civil Aviation Organisation for example)
63. Commission communication on a new partnership strategy with the United States
64. Commission proposal to transform the European Spatial Agency in a Community Agency

## II. LIST OF THE HIGH LEVEL GROUP MEMBERS<sup>1</sup>

The following members were nominated by the PES Presidency to the High Level Group:

PASCAL LAMY	Chairman of the High Level Advisory Group
PHILIPPE BUSQUIN	MEP, former European Commissioner for research, Belgium
HARLEM DÉSIR	MEP, PES Group Vice-president, France
RAFAEL ESTRELLA	MP, Parliamentary Spokesperson for Foreign Affairs, Spain
ROBERT GOEBBELS	MEP, PES Group Vice-president, Luxembourg
KINGA GONCZ	Minister for equal opportunities, Hungary
PATRICIA HEWITT	Secretary of State for trade and industry, UK
DANUTA HUBNER	European Commissioner for regional policy, Poland
MAGDA KOSANE KOVACS	MEP, PES Group Vice-president, Hungary
PASQUALINA NAPOLETANO	MEP, PES Group Vice-president, Italy
MARIA JOAO RODRIGUES	Full Professor of Economics, ISCTE, University of Lisbon, Policy Adviser to the European Commission, Portugal
PEDRO SOLBES	Vice-president and Minister for the economy and finance, Spain
HANNES SWOBODA	MEP, PES Group Vice-president, Austria
FRANK VANDENBROUCKE	Minister for employment and education, Government of Flanders, Belgium
GÜNTER VERHEUGEN	European Commissioner for enterprise and industry, Germany
HEIDI WIECZOREK-ZEUL	Minister for development cooperation, Germany
JAN MARINUS WIERSMA	MEP, PES Group Vice-president, The Netherlands

<sup>1</sup> Please refer to the letter by the chairman of the High Level Group to the President of the PES, included in this report.



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