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**LISBON ACTION PLAN INCORPORATING EU LISBON PROGRAMME AND
RECOMMENDATIONS FOR ACTIONS TO MEMBER STATES FOR INCLUSION
IN THEIR NATIONAL LISBON PROGRAMMES**

**Companion document to the Communication to the Spring European Council 2005
{COM (2005) 24 final}
Working together for growth and jobs**

The fiches enclosed provide a draft Lisbon Action Programme.

Central Policy Area - 1:
Extend and deepen the Internal Market

Completing the Single Market, particularly in the area of services, regulated professions, public procurement and financial services remains a crucial task. So does better implementation and enforcement of legislation already decided. A fresh political impulse to the Single Market can be expected to make a significant contribution to growth and jobs as the removal of remaining barriers will create new opportunities for market entrants. The resulting greater competition will also spur investment and innovation. This is all the more important against a backdrop of stagnating intra-EU trade in goods and stalling price convergence. Part of making the most of the Internal Market in EU-25 relies on Member States taking greater ownership and working together in partnership in order to make it easier to trade and invest. In this context, Member States should ensure that their own regulatory systems are better attuned to the needs of an EU-wide market.

Central Policy Area - 1: Extend and deepen the Internal Market

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF EXISTING)</i>	IMPACT ON JOBS AND GROWTH
<p>Free movement of services:</p> <p>Remove the remaining barriers to trade and investment in services within the European Union</p> <p>Transparency of national regulation.</p>	<p>Legislation</p> <p>Administrative cooperation</p> <p>Legislation</p>	<p>- Currently: directive on Services under negotiation in Council and Parliament.</p> <p>- By the end of 2005, common position.</p> <p>- Respect agreed timetables for liberalisation of energy and transport markets, including 3rd railway package, access to seaport services</p> <p>- In 2005, proposal to extend the Directive 98/34 to services. - By 2007, adoption.</p>	<p>Increase in trade and investment in services within the EU</p> <p>Reduction in administrative costs of regulation</p> <p>Establish mechanisms to support administrative cooperation</p>	<p>Removing restrictions and simplifying administrative procedures will create important business opportunities for cross border services activity and thus free up enormous growth and job creation potential.</p> <p>Prevention of the creation of new barriers</p> <ul style="list-style-type: none"> · to the freedom to provide intra-Community services, · to the freedom of establishment of service providers. <p>Increased regulatory transparency and surveillance.</p>

Free movement of goods:				
Revision of the New Approach	Legislation	<ul style="list-style-type: none"> - In 2005, Commission proposal to be adopted. - In 2006, Adoption of the new legislation. 	Limitation of use of derogatory facilities provided by existing directives	Improving internal market through strengthened coherence and efficiency of existing New Approach directives.
VAT payments	Legislation	<ul style="list-style-type: none"> - 2004: proposal to simplify the current VAT compliance obligations. The proposal would provide for a "one-stop-shop" system where a trader could fulfil all his VAT obligations for EU-wide activities in the Member State in which he is established. - By 2005: It is important that the Council finds the necessary unanimity for adoption. 	Reduction of compliance costs for companies carrying out VAT taxable activities in other member states	VAT being the main area of Community tax legislation, it is also the key area for simplification. According to the European Tax Survey, 14% of SMEs and 10% of large companies have not carried out VAT taxable activities in another Member State (where they do not have a permanent establishment) solely because of the VAT compliance requirements.
REACH proposals	Legislation	<ul style="list-style-type: none"> - 2005: Commission to work with European Parliament and Council to ensure a marked improvement in health and environment positive impact on competitiveness and innovation, reduce the burden on SMEs, improve overall workability and reduce animal tests. - 2006: Common Position. 	<ul style="list-style-type: none"> - Increase in intra-EU trade in chemicals - Number of registrations of chemicals 	Limited but positive impact on R&D expenditures.

<p>Free movement of capital:</p> <p>Modernisation of company law to facilitate cross border mergers and takeovers.</p> <p>Consolidate and complete the integration of the financial services markets.</p>	<p>Legislation</p> <p>Legislation</p>	<p>- First half 2005: adoption of 10th Company Law Directive (cross-border mergers).</p> <p>- 2006: adoption of 14th Company Law Directive (transfer of company seat)</p> <p>- Mid-2005: Commission to adopt proposal for a Directive on the legal framework for payments systems.</p> <p>- Early 2006: Commission to adopt proposal for a framework Directive on clearing and settlement of securities actions.</p> <p>- July 2005: Commission to adopt Green Paper on Asset Management.</p> <p>- 2006/7: based on the stakeholders consultation above, Commission to make proposals to develop a functioning EU single market for investment funds.</p>	<p>Increase in cross border mergers and company investment</p> <p>Creation of an integrated EU wide infrastructure for payments and financial services.</p> <p>Reduction in cost of capital and financial intermediation.</p> <p>Cross border registration and management of investment funds.</p>	<p>The actions aim to contribute to economic growth by improving the conditions for cross border economic activity.</p> <p>Improved framework for cross border trading and investment, diversification of investment portfolios, and wider access to capital at lower cost. This will boost cross border trade and investment.</p>
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Consolidate corporate tax base	Legislation	- Agreement on the Common Consolidated Tax Base and its rapid implementation	Overcome the obstacles posed by 25 different tax arrangements that hinder cross-border business and hamper the exploitation of the full benefits of the Internal Market
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RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF EXISTING)</i>	IMPACT ON JOBS AND GROWTH
Effective timely and correct implementation and enforcement of internal market legislation*	Recommendation Internal Market Scoreboard Infringements Networks Information systems Administrative cooperation	- Member States need to meet the transposition targets agreed long ago by the European Council. Dutch Presidency has asked each MS to set its own date for reaching the targets. - Legislative process needs to be complemented by networking and mutual assistance between Member States (supported by modern information systems) and by the screening of domestic legislation for compatibility with EU rules in order to make the internal market work better in practice.	Reduction in infringements. Increase in infringements settled by referral to SOLVIT. Reduction in transposition deficit. Number of MS screening own legislation Number of MS participating in pilot Internal Market information system	The aim is to implement legislation in such a way that it makes the free movement of products and services work more simply and better.
* mandatory				

<p>Effective and efficient application of EU public procurement rules through simplification, better compliance and e-procurement.</p> <p><i>* mandatory</i></p>	<p>Legislation</p> <p>Best practice</p> <p>Redress mechanisms</p> <p>Supervision</p> <p>Administrative cooperation</p>	<p>March 2004: adoption of the new legislative package of public procurement Directives. The package aims to simplify the existing system.</p> <p>By 31 January 2006: Member-States implement them into national law.</p>	<p>Increase in tenders published</p> <p>Increase in cross border participation in tenders</p> <p>Fall in costs of procurement</p> <p>Increase in electronic tendering</p>	<p>Effective application of legislation will lead to increased competition in public procurement markets which represent more than 16% of GDP. This will foster the competitiveness of firms operating in those markets and according to some studies could reduce prices by up to 30%.</p>
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Other related issues	
Patents, including Community patent	Priority 6 “Facilitate innovation, the uptake of ICT and the sustainable use of resources”
Mobility in the professions	Priority 10 “Providing incentives for the acquisition of skills, knowledge and human capital”

Central Policy Area – 2:

Ensure open and competitive markets inside and outside

EU competition policy has played a key role in shaping European competitive markets and this will continue in the enlarged Europe in particular through proactive enforcement and a state aid reform regarding innovation, R&D and risk capital. At the same time, European companies are facing more and more international challenges (the emergence of new international competitors, US competition ...) and EU trade policy needs to ensure that they can have access to third markets and compete on a fair basis. In summary, open markets, both in Europe and globally, are crucial to generating higher growth rates.

Central Policy Area - 2 – Ensure open and competitive markets inside and outside Europe

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
<p>Completion of an ambitious agreement in the framework of the Doha-Round</p>	<p>International agreement</p>	<p>- Approving the DDA end 2006 – early 2007.</p>		<p>Continued market opening and improved market access for EU products and services to third countries, through a significant reduction of industrial tariffs and restrictions in services; New or improved and clarified trade rules and disciplines, notably as regards trade facilitation, trade-defence instruments or non-tariff measures; increased predictability, simplification and transparency of third country measures affecting EU exports; clarification and extension of geographical indications, increasing the profile of GI-protected EU products in third markets.</p>

Completion of bilateral and regional FTAs	International agreement	<ul style="list-style-type: none"> - Concluding a wide-reaching free trade agreement with Mercosur (Brazil, Argentina, Uruguay and Paraguay) - Concluding a wide-reaching free trade agreement with the Gulf Cooperation Council (Saudi Arabia, Oman, Qatar, UAE, Bahrain and Kuwait) 		Supports multilateral market opening by pursuing further market access for EU industrial and agricultural products as well as EU service providers. Creation of rules in a vast number of areas to secure trading conditions for EU firms.
A level playing field on government procurement	EU legislation and international Agreements (WTO and bilateral)	<ul style="list-style-type: none"> - Study the possibility of adopting a new EU trade instrument (compatible with existing WTO or bilateral commitments) to motivate/give incentives to third countries to commit themselves to open up their public procurement markets to EU suppliers. - Assess how to arrive at a level playing field, e.g. through the application of the principle of reciprocity. 		Verify situation within Member States and by third country concerned.

<p>A new drive for regulatory and administrative convergence</p>	<p>International agreement, Global standards, Bilateral relations, International cooperation</p>	<ul style="list-style-type: none"> - Strengthening the US EU Guidelines for regulatory cooperation and transparency and adoption in 2005 of a forward looking strategy for EU US cooperation as set out in the 2004 Dromoland Castle Economic Statement. - Rapid conclusion of an agreement with Canada (TIEA). - Driving forward the agreed agenda with ASEAN through TREATI - Increased respect for intellectual property rights (IPR) including improved enforcement (implementation of the IPR enforcement strategy adopted in November 2004 by the Commission) - Reinforced bilateral and multilateral cooperation on competition policy and transport policy (TEN's, aviation, GALILEO, maritime safety) 		<p>Facilitation of access to markets through standardised rules and practices.</p> <p>Improved competitive situation for European right holders.</p>
<p>Selective sectoral competition screening and competitiveness assessments</p>	<p>Sectoral enquiries and assessments in key markets important for the Lisbon Strategy.</p>	<ul style="list-style-type: none"> - Carry out market enquiries and competitiveness assessments in key sectors for the Lisbon Strategy in order to ascertain the underlying reasons for dysfunctional markets, by examining all features of the market that might restrict competition, including with a view to assessing the impact of EU legislation on competition and competitiveness. 	<p>Concluded enquiries and assessments</p>	<p>Removing existing impediments for EU businesses to compete, innovate and grow. Prevent incumbents from pursuing restrictive strategies to protect themselves against more dynamic and innovative competitors</p>

Reform of the State aid architecture	Commission's policy instruments	- Adoption of reviewed texts by end 2006	- State aid as percentage of GDP - Horizontal state aid dedicated to "Lisbon" objectives as a percentage of total state aid	Enhances Member States' abilities to support innovation, and access to risk capital. Better targeted State aid. Redirection of public resources to socially more valuable activities; reduce State aid that distorts competition and thereby impedes necessary structural change. Particularly important in this context is to facilitate access to risk capital and public financing in the areas of innovation, R&D and environment.
eCustoms: Introduce modern processes and procedures into customs legislation and practice	Legislation	- Launch of pluriannual eCustoms programme and adoption of the Modernised Community Customs Code.		Reduced administrative burden and compliance costs. Cost reduction of 1-2% per transaction can be expected both for traders and administration.

RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
State-aid reduction and redirection of remaining state aid to horizontal “Lisbon” objectives	National budgets		<ul style="list-style-type: none"> - State aid as percentage of GDP - Horizontal state aid dedicated to “Lisbon” objectives as a percentage of total state aid 	Redirection of public resources to socially more valuable activities; reduce State aid that distorts competition and thereby impedes necessary structural change.
Selective competition and competitiveness screening	National sectoral enquiries and remedies	- Carry out market enquiries; also to assess the impact of national regulation on competition. Remedial actions taken at national level		Identify and remove barriers to effective competition and bottlenecks to productivity growth on national level

Other related issues	
Review of State aid framework	Priority 6 “Facilitate innovation, the uptake of ICT and the sustainable use of resources”
Pro-Active Competition Policy	Priority 7: “Contributing to a strong European industrial base”

Central Policy Area - 3:

Improve European and national regulation

Better regulation has a significant positive impact on the framework conditions for economic growth, employment and productivity by cutting costs and removing obstacles to flexibility and innovation. More competition friendly legislation would also help create more conducive conditions for economic growth and improved productivity. This comprises measures such as simplification and efforts to reduce the burden of administrative costs. An appropriate regulatory framework will also strengthen consumer confidence and thereby contribute to growth. Furthermore, it is crucial to ensure and, where necessary, improve of the role of national administration in providing adequate conditions for the market (e.g. e-governance, fight against corruption).

Central Policy Area - 3: Improve European and national regulation

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR	IMPACT ON JOBS & GROWTH
Outside expertise on quality and methodology of carrying out Impact Assessment.	Commission decision	- By end 2005: putting in place a mechanism to advise the Commission on quality of the Impact Assessment.		Improvement of the regulatory environment will enable firms to compete more effectively on all markets, also making market entry easier for new firms, thus creating more firms, and more jobs.
Assessing the competitiveness effect of new legislative/policy proposals through the Commission's Impact Assessment (IA) instrument.	Commission decision Commission decision	- By June 2005: Establishment of internal mechanisms to ensure that all major Commission legislative and policy proposals that may impact business are accompanied by thorough IA analysis on the basis of the agreed methodology . - By March 2005: Formal adoption of revised IA guidelines	% of Commission proposals accompanied by an IA, increased use of regulatory alternatives. Adoption of revised guidelines and launch of pilot projects	Improvement of the regulatory environment, will enable firms to compete more effectively on all markets, also making market entry easier for new firms, thus creating more firms, and more jobs. Reduction in administrative burden directly linked to Community legislation at EU and national level will improve the regulatory environment, enabling firms to compete more effectively on all markets, making market entry easier for new firms, thus creating more firms, and more jobs.

	<p>Commission decision</p> <p>Interinstitutional agreement</p> <p>Commission decision</p>	<p>- By March 2005, approval of pilot projects for improving the assessment of administrative costs and incorporation of an agreed approach to measure administrative costs in the Impact Assessment system before the end of 2005;</p> <p>- Assessment by the three institutions of the proper implementation of the interinstitutional agreement.</p> <p>- By spring 2006, annual report on impact assessment progress in the EU and in Member States</p>	<p>Better application of IA throughout the legislative process and increased performance in terms of response to external demands for transparency on law making process.</p>	
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Consultation	Principles and minimum standards for consultation	- Improved internal mechanisms within the Commission services to make sure that the proposals submitted to the Commission fulfil the minimum standards.	% of proposals subject to extensive external consultation, strengthening of input from stakeholders, increased confidence in EU legislative procedures.	Improvement of the regulatory environment will enable firms to compete more effectively on all markets, also making market entry easier for new firms, thus creating more firms, and more jobs.
Simplification	Commission decision Enforcement of the Interinstitutional agreement	- Annual simplification rolling programme, laying down clear targets to be met within specified deadlines - Establishment of a fast track procedure for relevant cases in Council and EP (Art. 34 of the Interinstitutional agreement)	Number of EU directives and regulations simplified (or annulled), reduction in number of pages of the Community <i>acquis</i> ;	Improvement of the regulatory environment will enable firms to compete more effectively on all markets, also making market entry easier for new firms, thus creating more firms, and more jobs.

RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	PROGRESS INDICATOR	IMPACT ON JOBS & GROWTH
Governance and Regulatory policy management	OMC	<p>Adoption of indicators (based on proposal contained in Commission Communication).</p> <p>- Regular reviews on progress achieved by MS in putting in place regulatory policy practices and ad-hoc follow up structures, including those ensuring the highest level of quality public service</p>	<p>Number of Indicators (and level) adopted and put into place, start of scientific data collection by MS and follow-up monitoring to assess progress with regard to BR in the MS. Better identification of progress achieved at MS and EU level to tackle BR issues.</p> <p>- Progress achieved by MS as measured with Regulatory Quality indicators</p>	<p>Improvement of the regulatory environment will enable firms to compete more effectively on all markets, also making market entry easier for new firms, thus creating more firms, and more jobs.</p>
Impact Assessment	OMC	<p>- Regular reviews of progress made by MS in conducting IA on their own legislative initiatives and regular reviews of methodologies applied at national level on IA</p>	<p>Number of Member States with fully functioning IA in place The relevant indicators of regulatory quality can be used to ensure a harmonised analysis, strengthening and diffusing knowledge of IA practices in MS, putting in place similar approaches for conducting EU's and MS impact assessments.</p>	<p>Improvement of the regulatory environment will enable firms to compete more effectively on all markets, also making market entry easier for new firms, thus creating more firms, and more jobs.</p>

Simplification	Active role to be played by the Competitiveness Council	<ul style="list-style-type: none"> - Establishment of a monitoring system to review progress achieved by MS in the area of reduction of administrative burdens 	<p>Strengthened coordination of simplification priorities between the Commission and the MS will measure results of MS programmes in reducing administrative burdens, and will reduce the need for Community intervention to harmonise divergent national regulatory requirements</p>	Improvement of the regulatory environment will enable firms to compete more effectively on all markets, also making market entry easier for new firms, thus creating more firms, and more jobs.
	OMC	<ul style="list-style-type: none"> - Encourage MS to develop comprehensive simplification programmes 	<p>Strengthen role of national legislator as to how best reconcile the interest of the free movement in a border-free EU with other public policy objectives</p>	
	OMC	<ul style="list-style-type: none"> - Consider the introduction of an 'Internal Market compatibility test' to be applied to national legislative initiatives 		

Central Policy Area - 4:

Expand and improve European infrastructure

A modern infrastructure is an important competitiveness factor in many enterprise decisions, affecting the economic and social attractiveness of locations. Also, infrastructure investments in the new Member States will encourage growth and lead to more convergence, in economic, social and environmental terms. Given the long term effects of infrastructure, decisions in this field should significantly contribute to sustainability. Finally, we need to pursue the already decided liberalisation in key sectors (such as energy and other network industries) as an essential lever for ensuring the best use of physical infrastructure for the benefit of both industry and consumers

Central Policy Area - 4: Expand and improve European infrastructure

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
<p>TENs including Quick Start Programmes</p>	<p>Expenditure</p> <p>EIB loans</p>	<p>Mobilise the current and 2007-2013 Budget (TENS budget line, Cohesion funds and ERDF, guarantee instruments)</p> <p>Completing the Trans-European Networks (including the motorways of the sea)</p> <ul style="list-style-type: none"> • The decision on the 2004 TEN Guidelines estimated the cost of entire network at €600 bn, to be built by 2020. • 30 priority projects decided by the Parliament and Council which will cost € 225 bn. <p>Achieving cross-border interconnections.</p> <ul style="list-style-type: none"> • By 2010, ‘quick start’ works on 30 sections projects costing €38 billion should be built. • 15 TEN energy projects costing €10 billion until 2010. • The development of electricity cross-border interconnectors 		<p>Significant (although mainly in the longer-term).</p> <p>A sustainable infrastructure taking into account the economic and social attractiveness of locations, as well as improving social and geographical cohesion and protection of the environment is a competitiveness factor in many enterprise decisions.</p> <p>The EU’s involvement is concentrated on cross-border projects as these are the projects where there is less enthusiasm from the Member States (resulting in greater funding problems) but which can contribute the most to creating a real internal market.</p>

		<p>8 projects with €14 billion for high-speed and mobile communications networks, R&D and innovation.</p>		
			<p>The Barcelona European Council fixed the target of 10% of installed capacity for electricity cross-border interconnections.</p>	
<p>Intelligent Transport Systems, logistics and intermodality</p>	<p>Legislation</p> <p>Expenditure</p> <p>Standardisation</p> <p>Legislation</p> <p>OMC (co-ordinated deployment plan)</p>	<ul style="list-style-type: none"> • Possible legislation on digital tachograph • R&D on multimodal real-time information • Standardisation: questions for universal on-board unit • European Railway Traffic Management Systems (ERTMS) • by spring 2005, adoption of further Technical Specifications for Interoperability for conventional rail) • SESAME: Modernisation of ATM infrastructure. Definition phase Summer 2005-2007;- Implementation phase to start in 2007;- COM proposal on governance structure for implementation phase 2Q 2005 	<p>Estimates for the increase in road safety suggest that a combination of ITS measures can contribute to the target to halve the number of fatalities by 2010</p> <p>Indicators for reduced congestion and improved vehicle security</p>	<p>Individual measures will have a limited impact on jobs and growth.</p> <p>Reduced Congestion (getting additional capacity from existing infrastructure – whether on the ground or in the air; reducing bottlenecks) with resulting environmental benefits.</p> <p>Improved safety (such as controlling the spacing between trains and emergency braking)</p> <p>Reduced purchase and maintenance</p>

				<p>costs. The objective is to reach a reduction in costs of 30 to 50 %.</p> <p>Competitiveness: ERTMS and the railway interoperability directives will create a market of €15 billion by 2010</p> <p>SESAME will result in the development of an ATM network that will be interoperable world-wide and that will deliver efficiency, punctuality, safety, security and environmental benefits at an affordable cost – in the face of the strong air traffic growth which will stress current air traffic management (ATM) infrastructure well beyond its current capacity.</p>
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RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Transposition and application of the liberalisation Directives* <i>* mandatory</i>	Framework Legislation Secondary legislation in Member States OMC (co-ordination of Regulatory bodies)		Evolution of market prices (not taking account of exogenous factors) Evolution of cross-border supply of energy services Reduction in the market share of incumbent operator	Improve the efficient use of resources and improve price competitiveness By not implementing agreed timetables for market openings in transport and energy, Member-States delay the process of reforms.
TENs and Quick Start Programmes	Legislation Expenditure	- Timetables for building key TEN links, as well as complementary infrastructure		(See impact TENs and Quick Start Programmes)
Intelligent Transport Systems	Electronic Fee collection: development of an EU norm	(see above) Digital Tachograph: completion of tests to connect to the Tachonet system		(see above) Recommendation: reconsider it if the EU part is revised.

Related issues	
Research	Priority 5 “Increase and improve investment in Research and Development”
Climate change - The European Climate Change Programme (ECCP) s	Priority 6: “Facilitate innovation, the uptake of ICT and the sustainable use of resources”
Environmental technologies	Priority 6: “Facilitate innovation, the uptake of ICT and the sustainable use of resources”
Energy efficiency	Priority 6: “Facilitate innovation, the uptake of ICT and the sustainable use of resources”
Technology Platforms	Priority 7: “Contributing to a strong European industrial base”

Central policy area 5:

Increase and Improve investment in Research and Development

In advanced economies such as the EU, knowledge, including R&D, is a key driver of productivity growth. The EU invests about a third less in R&D than the USA – this is largely due to less private sector R&D. Annually the USA spends about €80 billion more on business R&D than the EU. More favourable framework conditions for both public and private R&D and better co-ordination across Member States and with the EU level could contribute to ensuring faster progress towards the target of 3% of GDP for R&D expenditure. In fact a strong competitive pressure provides powerful incentives for companies to continuously engage in innovation and R&D.

Central policy area 5: Increase and Improve investment in Research and Development

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON GROWTH AND JOBS
<p>Gain leadership in key technological areas through the new R&D framework programme with</p> <p>- a doubled budget</p> <p>-an increase in industry participation</p> <p>-increased focus on industrial needs</p>	<p>Expenditure</p> <p>- including initiatives under article 169 and 171 and a new risk sharing mechanism with EIB</p>	<p>- July 2004-Oct 2004: Public consultation.</p> <p>- 2005: FP7 proposed by Commission including actions for:</p> <ul style="list-style-type: none"> - Researchers : Marie Curie scheme - Frontier knowledge : European Research Council - Research cooperation, including coordination of national programmes and Joint Technology Initiatives, building on the work of European Technology Platforms - Research capacities: infrastructures, measures for the regions, SMEs, etc. <p>- 2006, adoption of FP7 by the Council and the Parliament by co-decision</p>	<p>. Public and private R&D funding leveraged through the FP (double the EU research policy budget)</p> <p>. Share of industry in FP7</p>	<p>Increased leverage on European R&D and the creation of a knowledge Europe</p> <p>Political signal to focus public funding on knowledge.</p> <p>Contribution to public R&D funding</p>

<p>Improve conditions for investment in research:</p> <ul style="list-style-type: none"> - research careers - fiscal incentives - relations between public research and industry 	<p>EU Guidelines or recommendations</p>	<p>- Adoption of EU frameworks to:</p> <ul style="list-style-type: none"> • Make research careers more attractive, including in the private sector • Ensure an optimal EU-wide use of fiscal incentives in favour of R&D (identify best practices and constraints in Community law and where appropriate, recommend tax measures) • Improve research collaboration and technology transfer between public research and industry 	<ul style="list-style-type: none"> . GERD as a % of GDP (financed by industry, by governments) . Industrial R&D investment scoreboard . Human resources in S&T . Use of fiscal incentives. . Public-private partnerships and technology transfer 	<p>Increased private investment in research, increased coherence and impact of national policies (e.g. fiscal schemes), creation of an internal market for researchers and better access to skills and technologies by industry.</p>
<p>Enhance possibilities for Member-States to support R&D.</p>	<p>Framework of state aid</p>	<p>2005: adoption of new framework of state aids to R&D</p>	<ul style="list-style-type: none"> . State aid scoreboard 	<p>Better national support to R&D</p>
<p>Enhance EU attractiveness for R&D activities</p> <ul style="list-style-type: none"> - Fast track visa and work permit arrangements for third country researchers. 	<p>Legislation Recommendation</p>	<ul style="list-style-type: none"> - Directive+ 2 recommendations proposed in 2004. - June 2004: agreement on a common orientation on the recommendations. - Nov 2004, adoption by the JHA of a general common orientation on the directive. - By end 2008 transposition by the MS of the directive 	<ul style="list-style-type: none"> - Number of researchers. 	<p>Attract qualified researchers from third countries.</p>

RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENTS	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON GROWTH AND JOBS
Implement policies to achieve national targets contributing to the overall 3% target	OMC 3% action plan	- Strengthening OMC based on the results of the first cycle - Implementation of measures according to each MS' timetable	. GERD as a % of GDP (financed by industry, by governments) . Snapshots of MS R&D targets and budgets	Approaching the 3% of GDP objective for R&D investment while better taking into account the diversity of MS.

Other related issues	
Reform of the state aid architecture	Priority 2 "Ensure open and competitive markets inside and outside Europe"
EIB Innovation 2010 initiative. Support to regional innovation...)	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Foster knowledge Absorption by enterprises	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Promoting the development and uptake of environmental technologies	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Energy efficiency and low carbon technology	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Climate change	Priority 6 "Facilitate innovation, the uptake of ICT and the sustainable use of resources"
Increase the high technology content of the EU industry	Priority 7: "Contributing to a strong European industrial base"
Education policy	Priority 10 "Providing incentives for the acquisition of skills, knowledge and human capital"

Central Policy Area - 6:

Facilitate innovation, the uptake of ICT and the sustainable use of resources

In advanced economies such as that of the EU, innovation is the principal determinant of productivity growth. In turn, competition and tax policy play a crucial role in determining innovation especially in the context of rapidly changing technology. By obtaining more output from given inputs, productivity growth can also make a significant contribution to ensuring that economic growth is increasingly environmentally sustainable. This is why eco-innovations need to be strongly promoted, notably in transport and energy.

Central Policy Area - 6: Facilitate innovation, the uptake of ICT and the sustainable use of resources

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Creation of a patent giving Community wide protection	Legislation Court infrastructure	– Adoption of the Community Patent Regulation	Number of Community Patents granted	Community patent will provide protection in 25 Member States for around the same price as is currently paid for protection in just 5 Member States, thus encouraging patenting, exploitation of research and diffusion of knowledge
Facilitate access to finance for innovative enterprises	Legislation	<ul style="list-style-type: none"> – Revision of the legal framework for State aid: <ul style="list-style-type: none"> • Mid-2005: State aid and innovation • End-2005: Risk capital • End-2005: Regional State aid guidelines period after 2006 - End-2005: Communication on Venture Capital: <ul style="list-style-type: none"> • Lift legal, administrative and tax barriers to the cross-border activity of venture capital funds; and • Improve exit mechanisms to encourage investment. 	<ul style="list-style-type: none"> – Amount of venture capital raised and invested per year in the EU; number of recipient companies – Number of innovative start-ups; growth rates of innovative enterprises – Perceived importance of access to finance as an obstacle to entrepreneurship (annual Eurobarometer survey on entrepreneurship) 	Enhances the creation and growth of innovative enterprises, easing the development of new knowledge-based industries; improves competitiveness by leading to an increase in innovation and resource efficiency

		Expenditure	<ul style="list-style-type: none"> – Mid-2005: Adoption of High Growth and Innovative SME Facility (GIF) within CIP – European Investment Bank: Innovation 2010 initiative 	<ul style="list-style-type: none"> – Amount of venture capital raised per year through Structural and Rural Development Funds – financed venture capital schemes – Number of regions implementing measures to facilitate start-ups' access to finance with the ERDF – Number of young innovative enterprises participating in FP7 – Number of SMEs benefiting from GIF 	
Foster absorption enterprises	knowledge by	Expenditure	<ul style="list-style-type: none"> – Business Innovation Support Scheme, to evaluate technology needs of SMEs and subsequently to carry out transnational technology transfer projects (see also policy area 5) 	<ul style="list-style-type: none"> – Number of regions implementing technology transfer measures with public support or from the ERDF 	Quick start project to enhance SME participation in the knowledge economy.
		Networking		<ul style="list-style-type: none"> – Number of trans-national technology agreements through Innovation Relay Centres 	
Foster innovation	regional	Expenditure: Structural Funds	<ul style="list-style-type: none"> – End-2005: Community strategic guidelines on cohesion – End-2006: Decision on operational programmes 	<ul style="list-style-type: none"> – Share of Structural Funds committed for R&D and innovation activities from 2007 to 2013 – Number of regions implementing innovation-related supporting actions 	More efficient innovation systems and regional development.
		Networking	<ul style="list-style-type: none"> – 2005: Innovating Regions in Europe: launch new regional innovation actions, including Mutual Learning Platform 	<ul style="list-style-type: none"> – Number of trans-regional co-operations in the field of innovation 	

World-class ICT and media sectors	Legislation	<ul style="list-style-type: none"> ▪ 2005/6: review of regulatory framework for electronic communications ▪ 2005: Revision of Community rules in the area of ICT standardisation ▪ From 2005: review/ adoption of other EU law relevant (e.g. IPR/ digital rights management, software patentability, TV without frontiers) 	<ul style="list-style-type: none"> – Indicators on the competitiveness of ICT and media sectors: number of companies, service diversity, consumer prices... – Indicators on the take-up of ICT by enterprises, households and administrations 	<p>Strategic sectors contributing to the competitiveness and growth of EU economy High-quality information infrastructures, goods and services</p> <p>Jobs in high added-value sectors maintained and created in the EU</p>
	Recommendations	<ul style="list-style-type: none"> ▪ 2006: Action Plan for high-tech start-ups and eSkills in the framework of i2010 initiative 		
	Expenditure	<ul style="list-style-type: none"> ▪ 2005-2010: stimulate investment through EU support to R&D (IST in FP7) and deployment (ICT policy support fund) 		

<p>Environmental technologies</p>	<p>Expenditure Co-ordination European Energy Efficiency Initiative (Green Paper 2005) Legislation</p>	<p>Technology push</p> <ul style="list-style-type: none"> • Increase R&D, Dissemination effort on eco-innovation in 6th and 7th FP • Technology platforms related to environmental technologies • Establish an EU-wide system for testing and verifying environmental technologies. <p>Market Pull</p> <ul style="list-style-type: none"> • Mobilise EU funds for co-financing investment capital/venture capital for eco-innovation • Establish performance targets for key products, services and processes • Green Public procurement • Remove market barriers and environmentally-harmful subsidies 	<ul style="list-style-type: none"> – Progress in the implementation of ETAP reflected in national implementation reports – Market growth for environmental goods and services – Indicators on eco-efficiency, on the market penetration of environmental technologies 	<p>Will improve EU competitiveness through eco-innovation by encouraging new investment opportunities, market development and uptake, and exploiting economies of scale.</p> <p>More efficient use of resources (i.e. improved productivity);</p> <p>EU competitiveness in growing world market for environmental technologies</p>
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Energy efficiency and renewable energy	Expenditure Coordination Legislation (i.a. through European Climate Change Programme)	Technology push (R&D, Dissemination) <ul style="list-style-type: none"> ▪ Financing: increase R&D, Dissemination funding ▪ Low carbon technology investment fund (EIB) ▪ Technology Platforms related to low carbon technologies (e.g. hydrogen and photovoltaics) Market Pull <ul style="list-style-type: none"> ▪ Energy Services Directive ▪ Buildings Directive ▪ Emission trading : review 2006 ▪ Eco-design directive ▪ Energy efficiency standards for energy-using Products - implementation daughter directives ▪ Energy labelling including Energy Star (extension of scope) ▪ Incentive schemes and fiscal instruments ▪ Intelligent Energy Europe Programme ▪ Clean vehicles ▪ Hydrogen pilot project 	<ul style="list-style-type: none"> – General energy end-use savings target of 1% per year – Energy savings target for the public sector of at least 1.5% per year – Energy intensity improvement/benchmark – Agricultural and forestry area allocated to renewable resource production 	<p>Will improve EU competitiveness by ensuring a more efficient use of energy, including fossil fuel resources</p> <p>Help the EU remain a global leader in low carbon technologies</p> <p>Improve security of energy supply / reduced dependence on imported fossil fuels.</p>
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RECOMMENDED ACTIONS TO MEMBER STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Reduce the cost of patenting	Adoption of best practice Expenditure	– Reduction in the cost of patenting by: • adoption of best practice in processing demands and enforcement; • changing the fees		Encourages patenting, exploitation of research and knowledge diffusion. Of a particular significance for SMEs.
Promote technology development and innovation via public procurement	Public procurement policy	2006: Recommendations on the use of public procurement to create “lead markets” for new technologies		Enhances the development of new technologies Stimulates new markets
Promoting eco-efficient innovation	Co-ordination Expenditure	<ul style="list-style-type: none"> • National roadmaps for ETAP implementation • Co-ordinating R&D activities in eco-innovation • Promoting Green Public Procurement nationally • Removing market barriers and review environmentally harmful subsidies • Mobilising risk funding: establishing green investment funds, transfer of good practices • Promoting eco-efficient production systems and clean products 	<ul style="list-style-type: none"> – Benchmarks and appropriate indicators – to be developed under national roadmaps. – Progress in environmental fiscal reform. – Number of companies registered under an Environmental Management System – Turn-over of products under eco-label – Use of Life cycle analysis 	<p>Will improve EU competitiveness through eco-innovation (see above)</p> <p>More efficient use of resources (i.e. improved productivity);</p> <p>EU competitiveness in growing world market for environmental technologies</p>

Climate Change - The European Climate Change Programme (ECCP)	Expenditure	Technology push : R&D, Dissemination <ul style="list-style-type: none"> • Financing : increase R&D, Dissemination funding Market Pull <ul style="list-style-type: none"> • Emission trading - national implementation • Renewable energy : implementation RES-E Directive and biofuels directive 	<ul style="list-style-type: none"> – Increase in RTD expenditure for energy and transport and share in total RTD expenditure – Kyoto target 2008-2012: burden sharing target – Renewables target 2010 : 12% of primary energy sources – Renewables Subtargets : electricity sector 21%; biofuels (5.75 % of transport fuels) 	<p>More efficient use of energy, including fossil fuel resources</p> <p>Becoming one of the most energy efficient economies</p> <p>Remain a global leader in low carbon technologies</p> <p>Improve security of energy supply</p>
	Legislation			

Related issues	
Integration of financial markets	Priority 1 “Extend and deepen the Internal Market”
Competition, access to markets	Priority 2 “Ensure open and competitive markets inside and outside Europe”
Reform of the state aid architecture	Priority 2 “Ensure open and competitive markets inside and outside Europe”
Research	Priority 5 “Increase and improve investment in Research and Development”
Technology	Priority 7 “Contributing to a strong European industrial base”
Clusters	Priority 7 “Contributing to a strong European industrial base”
Skills and education	Priority 10 “Providing incentives for the acquisition of skills, knowledge and human capital”

Central Policy Area – 7:

Contributing to a strong European industrial base

In order to be an economic and technological leader, Europe must have a strong industrial capacity, particularly by exploiting fully its technological potential in key areas through an integrated and anticipative approach based on market driven development of industrial sectors. The synergies from jointly addressing research, regulatory and financing challenges at the European level where for reasons of scale or scope individual member states cannot succeed in isolation to tackle market failures have not always been fully exploited. The Galileo project is an exception and this approach is still visible in aeronautics – in both cases bringing significant benefits to the European economy. Such approaches, possibly using public private partnerships, could usefully also be developed to tackle cases where the benefits for society are larger than those for the private sector: for example, energy from hydrogen. The relaunch of the Lisbon strategy should create the right conditions for tapping this potential and facilitating the necessary structural change whilst working externally to achieve open markets.

Central Policy Area – 7: Contributing to a strong European industrial base

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
<p>Increase the high technological content of the European industry</p> <p>- Enhancing the EU's industrial technology capacity</p> <p>- Support industrial competitiveness by setting up major European technology initiatives</p>	<p>Technology platforms</p> <p>Expenditures</p> <p>Private-Public partnerships</p>	<p>- 2005: Establishing a strategic RTD agenda (conclusions from the dialogue in the 22 platforms)</p> <p>- 2005: translating the strategic agendas of the existing platforms into the thematic priorities of FP7 (see priority 5)</p> <p>- June 2005: Commission report to the European Council on the criteria, themes and projects (in close cooperation with stakeholders).</p> <p>- Mobilising funding from the community, Member-States and industry in the context of the next framework program (see priority 5).</p>		<p>Better response of research activities to market and societal needs</p> <p>Design of sectoral research and innovation strategies through sectoral dialogue taking into account the specific challenges of the sectors (steel, biotechnologies; ICT...)</p> <p>Ensure coherence and complementarity between the Community and the Member States.</p>
<p>Applying the best policy mix at sectoral level</p>	<p>Policy measures</p>	<p>- Concluded sectoral reviews with decided EU policy actions.</p>		<p>Identification of structural challenges (skills, sustainable</p>

	Expenditures	<p>- Implementation of identified sectoral policy mix.</p> <p>- July 2004: within the programming of structural funds, foresee a reserve fund (1% of Objective 1 funds, 3% of Objective 2) being put aside for intervention in case of unexpected shocks.</p> <p>July 2004: proposal to reserve a part of a Growth Adjustment fund (1 bn/year) in the Financial Perspectives (1a. Funds for Competitiveness for growth and employment).</p> <p>- By 2006, adoption by the council.</p>		<p>production, regulatory environment, international competitiveness...).</p> <p>The framework conditions differ from sector to sector. Measures will be adapted to the specific needs of a given sector, but remain horizontal.</p> <p>This fund should facilitate the re-conversion of workers most affected by structural changes and allow intervention in case of unexpected shocks. Will take the likely impact of openness into account.</p>
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RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Promoting local and regional clusters	OMC + cohesion policy	. Promote the creation of new companies from universities. . Improve the interface between industry and research centres.		Consolidate the industrial basis; improve the competitiveness of regions through industrial clusters.
Actions to anticipate structural changes	National Strategic Plans – cohesion policy (to be linked with National Lisbon Policies)			To link the use of cohesion funds with the National Lisbon Policies
Other related issues				
Modernisation of company law			Policy1 “Extend and deepen the Internal Market”	
Proactive Competition policy			Policy 2 “Ensure open and competitive markets inside and outside Europe”	
Sector enquiries on competition and competitiveness			Policy 2 “Ensure open and competitive markets inside and outside Europe”	
International dimension of industrial policy (access to market...)			Policy 2 “Ensure open and competitive markets inside and outside Europe”	
Friendly business environment			Policy 3: “Improve European and national regulation”	
Public support to business research			Policy 5 “Increase and improve investment in Research and Development”	
Eco-innovation and environmental technologies			Policy 6: “Promote innovation, the uptake of ICT and the sustainable use of resources”	
Skill shortages			Policy 10 “Providing incentives for the acquisition of skills, knowledge and human capital”	

Central Policy Area - 8:

Attract more people into employment and modernise social protection systems

Raising employment levels is the strongest means of generating growth and promoting socially inclusive economies. This is all the more necessary because of the decline in the working age population over the next decades. The challenge is to attract more people into the labour market through Active Labour Market Policies and appropriate incentives. Moving people into employment and giving incentives to stay longer in the work force all require the modernisation of social protection systems.

Central Policy Area - 8: Attract more people into employment and modernise social protection systems

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Promote equal opportunities	Ensure full implementation of acquis Legislation	- Adoption of pending recast proposal on the implementation of the principle of equal opportunity and equal treatment of men and women in matters of employment and occupation	Gender gaps including pay-gap	Increase participation rate Other impact: social cohesion
Increase the effectiveness of policy coordination in the social protection/ social inclusion area	Coordination in the field of social protection/social inclusion	- By 2006: Streamline existing processes; adoption of common objectives covering inclusion and pensions and health care reforms; simplified reporting; strong emphasis on implementation - Mid 2006: submission of National Reports/Plans		Better social protection systems will enable and encourage people to take advantage of labour market and entrepreneurial opportunities, to extend their working life and to become less dependent on benefit
Coordination of admission policy for economic migrants	Legislation	- July 2005: public hearing following the public debate stimulated by the Green Paper "on an EU approach to managing economic migration" - End 2005: policy plan on legal migration - 2006: legislative instrument	Extent of transparency and coherence in admission policy for third country nationals	Avoid shortages of specific skills and mismatch of demand and supply in the labour market

<p>Promote inclusive labour markets:</p> <p>- Promote the integration of people excluded from the labour market;</p> <p>- Promote the integration of legally resident migrant workers</p>	<p>Social Dialogue (Consultation of social partners, Member States and other stakeholders on further EU action to promote integration , Art. 138)</p> <p>OMC</p> <p>European Employment Strategy</p>	<p>Adoption and follow-up to the social partners consultations</p>	<p>Unemployment gaps between EU and non EU nationals</p> <p>Educational attainment of migrants children</p>	<p>Increase labour supply, increased contribution of migrants to the economy</p> <p>Other impact: Support most disadvantaged people in society (disabled people, people with caring responsibilities,..) and fight poverty</p>
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RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENTS	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
<p>Set national level employment targets in line with overall EU targets</p>	<p>National commitment to a target level, to be used as overall frame in setting individual measures</p>	<p>- Targets to be proposed by MS in national action plans in the light of the Community target set in the EES</p>	<p>Employment rates at national level</p>	<p>Bring employment closer to full employment. Monitor national employment performance against the target set.</p>

Improve use of Active Labour Market Policies (ALMP) to reduce unemployment rates, in particular long-term unemployment	Expenditure Legislation European Employment Strategy	- Improvement of employment services to ensure that every unemployed person is offered a new start. -strengthen conditionality of unemployment benefits - Income tax credits	- Rate of unemployment and long-term unemployment - Access to ALMP measures at 6 months for 25 years old or less and 12 months for others. - % of long-term unemployed participating in active measures (25% by 2010) - Marginal effective tax rates	Reduce unemployment rate. Increase growth potential by reducing structural unemployment. Other impact: Enhance social cohesion.
Increase female participation in the labour market	Expenditure Legislation Social dialogue European Employment Strategy	- Childcare facilities and care facilities for elderly and disabled - Extension of parental leave for fathers	- Female participation/employment rate - provision of childcare facilities (90% for children between 3 and school age; 33% for 0 to 3 years old) - care facilities for elderly and disabled	Increase labour market participation and employment. Other impact: Enhance social cohesion.
Reduce youth unemployment	Expenditure European Employment Strategy	- Better vocational training/apprenticeships - Youth initiative (see box on European Youth Initiative).	Unemployment rate for 15-24 years old	Lower unemployment Other impact: Enhance social cohesion.

<p>Develop active ageing strategies</p>	<p>Legislation European Employment Strategy OMC</p>	<p>- Suppression of early labour market exit incentives including public aid for pre retirement schemes; improved incentives and working arrangements for longer working lives; allow addition of pension benefits and wage</p>	<p>- employment rate for age class 55-64 - average exit age from the labour market - theoretical replacement rates for early/deferred retirement</p>	<p>Increase labour market participation of older workers Other impact: improve adequacy and financial sustainability of pension systems</p>
<p>Reform of Pension and Health care systems</p>	<p>OMC in the field of social protection and social inclusion Legislation</p>	<p>- Submit reports on reform progress regarding pensions and health/long-term care systems in mid-2006 to support the common objectives to modernise social protection systems</p>	<p>- Long-term financial sustainability (including private pension schemes) - Replacement rates for early/deferred retirement (to assess employment incentives) - Healthy life expectancy - Risk of poverty including for older people</p>	<p>Well designed and sustainable social protection systems will minimise benefit dependency by creating strong incentives to seek work, to take entrepreneurial risks and to be mobile. Clear, long-term reform strategies create confidence and an economic climate more favourable for consumption, investment and growth.</p>

Other related issues	
Education	Priority 10 "Increase investment in human capital through better education and skills"

Central Policy Area - 9:

Improve the adaptability of workers and enterprises and the flexibility of labour markets

In rapidly changing economies, a high degree of adaptability is vital to promote productivity growth and to allow employment to be re-allocated towards rapidly growing sectors. Increasingly, new firms and SMEs are major sources of job creation and growth in Europe. More flexibility combined with employment security will facilitate a greater ability to anticipate, trigger and absorb change. Greater adaptability should also contribute to ensuring that, wage developments do not exceed productivity growth over the cycle and reflect the labour market situation.

Central Policy Area - 9: Improve the adaptability of workers and enterprises and the flexibility of labour markets

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Promote labour mobility by removing obstacles to labour mobility arising from occupational pension schemes	Legislation	- By 2007: adoption by the Council of legislation on portability of occupational pensions	Geographical mobility within the EU	Workers will be more likely to pursue employment opportunities where the best use of their productive potential can be made

RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENTS	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Ensure employment-friendly wage and other labour costs developments in line with productivity at sectoral and regional level	Institutional arrangements to allow the alignment of wages with productivity European Employment Strategy		- Unit labour costs by sector	Avoid loss of firms' cost competitiveness; improve the match between jobs and skills; and create incentives for investment in human capital.
Promote flexibility combined with security in the labour market	Social dialogue	- Monitor types of contracts, duration and transitions in the labour market	Labour market segmentation (indicator)	Reduce segmentation and rigidities and facilitate transitions in the

	Legislation European Employment Strategy		to be defined)	labour market.
Transform undeclared work into regular employment	Implementation of legislation European Employment Strategy Open Method of Coordination		- Undeclared work and the informal economy in % of GDP	Improve the overall business environment, better matching of workers and jobs. Other impact: improve sustainability of public finances and social protection schemes

Other related issues	
Long term unemployment rate	Priority 8 “Attract more people into employment and modernise social protection systems”
Ensure the best policy mix at sectoral level to facilitate structural changes	Priority 7 “Contributing to the creation of a strong European industrial base”
Life Long Learning (active ageing strategies)	Priority 10 “Increase investment in human capital through better education and skills”

Central policy area- 10:

Increase investment in human capital through better education and skills

Structural change and productivity growth require a continued investment in a highly skilled and adaptable workforce. Economies endowed with a skilled labour force are better able to create and make effective use of new technologies, such as Information and Communication Technology (ICT). Educational attainment in Europe falls short of what might be required to ensure that skills are available in the labour market and that new knowledge is produced that is subsequently diffused across the economy. The emphasis on the importance of life long learning and knowledge in economic life also reflects the realization that advancing educational attainment and skills makes an important contribution to social cohesion.

Central policy area- 10: Increase investment in human capital through better education and skills

POLICY MEASURE AT COMMUNITY LEVEL	INSTRUMENT	ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Promote geographical and occupational mobility	Legislation; administrative cooperation Europass	First half 2005: adoption of Directive on recognition of professional qualifications. 2006: proposal for European qualifications framework.	- Increase in cross border provision of services and establishment; create networks to promote cooperation between competent authorities (for regulated professions) - objective: 3 million Europass delivered by 2010.	- Promoting the development of the European labour market through better transparency and recognition of qualifications and competences. - Better resource allocation of qualified professionals will raise productivity and produce better economic performance in the medium term.
Support Lisbon-related objectives in the area of employment, education and training	Expenditure European Social Fund Community programme (Structural and Rural Development funds, education and training programmes); European	- By end 2005: adoption of lifelong learning programme - Adoption of the new ESF Regulation and Commission guidelines for use of EU funds in line with the Lisbon strategy's priorities - two-yearly reports to European Council from 2006 - By mid-2005: Commission proposals for EU strategy to support quality and attractiveness of European Higher	- Level of EU expenditure on education and training - Level of priority given to education and training in national ESF actions plans - Yearly follow-up of agreed indicators and benchmarks in the field of education and training	- Modernisation of economic structures, fostering of real convergence and improve competitiveness of the beneficiary Member States. - Enhanced and more coherent EU financial support to mobility and modernisation of education and training systems. - Improving excellence, innovation, and relevance to enterprises' needs of European

	Employment Strategy Open method of co-ordination.	Education - By mid-2005: Commission proposal for a European initiative on Youth (see box in text).		higher education.
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RECOMMENDED ACTIONS TO MEMBER-STATES	POSSIBLE INSTRUMENT	INDICATIVE ROADMAP	PROGRESS INDICATOR <i>(IF AVAILABLE)</i>	IMPACT ON JOBS AND GROWTH
Putting in place national strategies for lifelong learning by 2006	European Employment Strategy OMC	- Annual monitoring on the basis of EU targets and indicators in the framework of the EES - Report on progress in Member States' two-yearly Education and Training 2010" report	Monitor on the basis of labour market statistics. Progress towards agreed EU benchmarks <ul style="list-style-type: none"> • 12,5% of the adult working age population participating in lifelong learning • less than 10% early school leavers • 85% of 22 year-olds having completed upper secondary education • reduce by at least by 20% (compared to 2000) the % of low-achieving 15 year-olds in reading literacy • raise number of graduates in MSTe in the EU by at least 15% by 2010. 	- Improve economic performance through greater adaptability of the labour force to changing technological circumstances - Equipping all Europeans with the knowledge, skills and competences in order to succeed in the knowledge-based society. Supporting the social inclusion of disadvantaged groups

<p>Improve the quality, relevance and attractiveness of vocational education and training</p>	<p>European Employment Strategy OMC</p>	<ul style="list-style-type: none"> - Annual monitoring on the basis of EU targets and indicators in the framework of the EES - Report on progress on implementing national priorities agreed in the Maastricht Communiqué (of December 2004) in Member States’ two-yearly “Education and Training 2010” report 	<ul style="list-style-type: none"> - Increased participation in vocational education and training. 	<p>Increasing the relevance of vocational education training to labour market requirements.</p> <p>Improve basic skills and the employability of young underachievers; improve the pool of skills and strengthen employee adaptability.</p>
<p>Substantially raise per capita investment from public and private sources in human resources and improve the efficiency of investment</p>	<p>Expenditure; European Employment Strategy OMC</p>	<ul style="list-style-type: none"> - Annual monitoring on the basis of EU targets and indicators in the framework of the EES - Report on priorities for reform and investment as part of two-yearly reporting (Education and training 2010). 	<ul style="list-style-type: none"> - Level of education spending as a proportion of GDP and of total government budget; - Existence of national level targets for increased overall levels of investment in human resources - Private expenditure on education; monitor on the basis of education statistics 	<p>Increase the quality of workforce and returns on investment in human resources</p> <p>Raise productivity and economic growth through the contribution of human capital</p>

Other related issues	
Employment	Priority 8 “Attract more people into employment and modernise social protection systems”
Adaptability	Priority 9 “Improve the adaptability of workers and enterprises and the flexibility of labour markets”