



Federal Council for Sustainable Development (FCSD)

Opinion on the National Reform Programme for transposition of the 'Integrated Guidelines for Growth and Jobs 2005-2008'

- Requested by Prime Minister Guy Verhofstadt
- Approved by the General Meeting under the written vote procedure
- Drafted by the Sustainable Development Strategies working group
- Original language: Dutch

Main themes of the opinion

The Lisbon Strategy, which is of great importance for the future of the European Union, is in theory an essential element of the Union's overall approach to sustainable development. Yet this principle has not been translated into actual EU policy: the Lisbon process functions almost independently of the EU sustainable development strategy and the European bodies rarely clarify any synergy or areas of tension between the two strategies.

The FCSD also notes this lack of coordination with respect to the Integrated Guidelines that are the subject of this opinion. The European Council of 16 and 17 June 2005 approved both the 'Integrated Guidelines for Growth and Jobs' for the revised Lisbon Strategy and 'Guiding Principles for Sustainable Development', without making clear the coherence between them or how they interact.

In themselves, the Integrated Guidelines for Growth and Jobs do not represent the three dimensions of sustainable development in a balanced way: only one of the 24 guidelines explicitly includes the environmental dimension. That is not enough to reflect the EU's approach to energy efficiency, sustainable use of natural resources, environmental technology, biodiversity, internalisation of environmental costs, climate change and so on.

The FCSD therefore calls for coupling of the Integrated Guidelines with the Guiding Principles for Sustainable Development, and with regard to the Lisbon approach in Belgium, it would like to see coherence ensured between the National Reform Programme (NRP) and our country's approach to sustainable development (at both federal and regional levels).

In this context, the NRP could take on board the Second Federal Plan for Sustainable Development, the National Strategy for sustainable development on which work is getting under way, and – at a subsequent stage – the National Strategy for decoupling economic growth from the use of natural resources and environmental pollution (set for 2007).

This would ensure that the NRP devotes sufficient attention to the positive impact that 'ecological and social' concerns, such as the rational use of energy and raw materials or protection of the environment and public health, can have on 'socio-economic' objectives such as growth, competitiveness, employment and a balanced budget.

Finally, the FCSD asks that the NRP take due account of redistribution aspects (cf. social inclusion policy) and the global dimension of sustainable development.



Context of the opinion

- (a) In 2000, the Lisbon European Council approved a strategy meant to make the European Union, by 2010, *'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.'* In March 2001, the Stockholm European Council completed the Lisbon Strategy by adding an environmental dimension to the economic and social aspects. This approach was laid down by the Gothenburg European Council (June 2001), which determined the European Union Sustainable Development Strategy (EUSDS).
- (b) The Lisbon Strategy is undergoing its mid-term review this year. Initiated as from 2004, the review prompted a Commission Communication¹ to the European Council of 22 and 23 March 2005 ('Spring Summit'). The Commission's assessment of the Lisbon Strategy is based in particular on the report drawn up by an expert working group headed by Wim Kok.
- (c) At its Spring Summit, the European Council qualified the progress of the Lisbon process as 'mixed' and declared the need for urgent action: 'To that end, it is essential to relaunch the Lisbon Strategy without delay and re-focus priorities on growth and employment.'² Accordingly, the Council will adopt a set of 'integrated guidelines' comprising 'Broad Economic Policy Guidelines' and (BEPGs) and 'Employment Guidelines' (EGs).
- (d) On the basis of those guidelines, the Member States must draw up 'national reform programmes'. On its side, the Commission will prepare a 'Community Lisbon programme.'³ The new approach will be implemented in a three-year cycle. At the end of the third year, the integrated guidelines, the national reform programmes and the Community Lisbon programme will be reformulated.
- (e) The cycle was initiated in April 2005 with the Commission's presentation of the first 'Integrated Guidelines for Growth and Jobs (2005-2008)'.⁴ On that basis, the Brussels European Council of 16 and 17 June 2005 approved a list of 24 integrated guidelines.⁵ The Member States must translate those guidelines by mid-October into national reform programmes covering the next three years.
- (f) The Belgian programme will be prepared in a concerted effort by the federal authorities and the governments of the Regions and Communities. In a letter dated 24 June 2005, the Prime Minister's Chancery requested an opinion on this subject from the FCSD, in accordance with the Presidency Conclusions of the Brussels European Council of 22 and 23 March 2005: 'Consultations on these [national reform] programmes will be held with all stakeholders at regional and national level, ... in accordance with each Member State's specific procedures.'⁶
- (g) The FCSD appreciates being consulted on this issue. It has been asked to give its opinion before the end of August 2005, which means the Council has two months to draft and approve it. This is a very tight deadline, especially considering that it coincides with the holiday period.⁷ The FCSD must consequently limit this opinion to restating in large part relevant views and proposals from earlier opinions and addressing specific points to a limited degree.

Content of the opinion

Coherence between the Lisbon and Gothenburg processes

¹ COM (2005)24 of 2/2/2005 'Working together for growth and jobs – A new start for the Lisbon Strategy'.

² Brussels European Council of 22 and 23 March 2005, Presidency Conclusions, 7619/1/05 § 5

³ That programme was published on 20 July 2005: COM(2005)330

⁴ COM(2005)141 (12/4/2005)

⁵ See Annex 1 of this Opinion (Brussels European Council of 16 and 17 June 2005, Presidency Conclusions, 10255/05 Annex II)

⁶ o.c. § 39 c

⁷ Similarly, the European Economic and Social Committee (EESC) considers that the timeframe set for debate with civil society on the guidelines is insufficient at European level (cf. EESC opinion SOC/206 of 31/5, introduction)



- [1] The FCSD recognises that major challenges exist in the EU in terms of growth and jobs, and that the Lisbon Strategy is extremely important for the future of the European Union. It maintains that this strategy needs new impetus. The FCSD nonetheless considers that the Lisbon process and its mid-term review cannot be separated from another important EU strategy, namely sustainable development strategy (EUSDS). This link was clearly established with the Gothenburg European Council's approval of the EUSDS in 2001: *'The European Council agrees a strategy for sustainable development which completes the Union's political commitment to economic and social renewal, adds a third, environmental dimension to the Lisbon strategy and establishes a new approach to policy making.'*⁸
- [2] The European Council of 22 and 23 March 2005 declared in turn that the Lisbon Strategy *'is to be seen in the wider context of sustainable development'* and that, to achieve the objectives of the revised Lisbon Strategy, *'the Union must mobilise to a greater degree all appropriate national and Community resources – including the cohesion policy – in the Strategy's three dimensions (economic, social and environmental) so as better to tap into their synergies in a general context of sustainable development.'*⁹
- [3] This concurs with the European Commission's statement in its Spring Report to the European Council: *'Making growth and jobs the immediate target goes hand in hand with promoting social or environmental objectives. The Lisbon Strategy is an essential component of the overarching objective of sustainable development set out in the Treaty: improving welfare and living conditions in a sustainable way for present and future generations.'*¹⁰
- [4] In that approach, the Lisbon and Gothenburg strategies are complementary, using different instruments and producing results in separate temporal frameworks.¹¹ The FCSD is of the opinion that while the political intent is of course positive, this principle has not been translated into European Union policy. In its recent opinion on the review of the European Sustainable Development Strategy, the FCSD stated that coherence between the Lisbon and Gothenburg processes leaves a great deal to be desired. In practice, the two processes operate virtually independently of one another. There is very little coordination between the two approaches at the level of the Commission or Council.¹² That holds for intra-European policy as well as relations with other countries. For example, it is not clear how the Lisbon Strategy relates to the external dimension of the EUSDS.¹³
- [5] The FCSD also observes this lack of coordination and of transversality in the case of the Integrated Guidelines that are the subject of this opinion. The European Council of 16 and 17 June 2005 declared that it *'reiterates its attachment to sustainable development as a key principle governing all the Union's policies and activities'*,¹⁴ but it agreed both the Integrated Guidelines for Growth and Jobs and the Guiding Principles for Sustainable Development¹⁵ without making clear either how they interact or how they are consistent with one another.
- [6] Only one of the 24 Integrated Guidelines for Growth and Jobs expressly includes the environmental dimension of sustainable development. The FCSD considers that this creates a lack of balance among the economic, social and ecological approaches: a single guideline (11) is not enough to convey the EU's initiatives in the areas of energy efficiency, sustainable use of natural

⁸ Presidency Conclusions, Gothenburg European Council of 15 and 16 June 2001, § 20

⁹ Presidency Conclusions, Brussels European Council of 22 and 23 March 2005, §§ 6 and 42

¹⁰ COM (2005)24 of 2/2/2005 'Communication to the Spring European Council: Working together for growth and jobs – A new start for the Lisbon Strategy', p. 5.

¹¹ COM (2005)24 of 2/2/2005 'Communication to the Spring European Council: Working together for growth and jobs – A new start for the Lisbon Strategy', p. 5.

¹² FCSD 2004a09 of 29 October 2004, 'Opinion on the European Sustainable Development Strategy Review', § 16. All FCSD opinions may be consulted on www.CFDD.be

¹³ See COM(2002)82 of 13 February 2002, 'Towards a global partnership for sustainable development'.

¹⁴ Presidency Conclusions, 10255/05 of 18/7/2005 § 8

¹⁵ See Annex 2. These Guiding Principles will serve as the basis for the revised European Sustainable Development Strategy.



resources, environmental technology (ETAP), biodiversity, internalisation of environmental costs, climate change and so on.¹⁶ While it is positive that the EU stresses the coherence and interactions between growth and jobs by outlining policy guidelines for both in a single document, it nevertheless cannot neglect the ecological and global dimension of sustainable development.

- [7] The FCSD therefore considers that the EU must base its policy on both sets of guidelines, coupling the Integrated Guidelines for Growth and Jobs with the Guiding Principles for Sustainable Development. On that score, the Lisbon and Gothenburg approaches have to be harmonised. Indeed, the two approaches are complementary for certain areas while they overlap for others, particularly where they deal with the same subjects, such as economic growth, innovation, scientific research, taxation, energy supply, employment and ageing.
- [8] In its opinion on the EUSDS, the FCSD noted a number of existing or potential areas of tension between the Lisbon and Gothenburg approaches to certain issues: *'In the transport sector, for example, the aim of sustainable mobility (Gothenburg) could be at odds with certain investments planned as part of the European road network (Lisbon); in agriculture, greater competitiveness could be at odds with the unlimited opening up of our markets to products from southern countries; in industry, growth of energy-intensive sectors could be at odds with a restriction on greenhouse gas emissions.'*¹⁷
- [9] In policy documents put out by the European institutions, such areas of tension, which also exist in the Lisbon Strategy,¹⁸ are rarely mentioned. The FCSD nonetheless considers that it is important to point these out clearly in order to develop transparent, coherent and effective policy.¹⁹ The European Union must not only show how 'Lisbon' and 'sustainable development' can complement one another, but also point out the choices made (or to be made) in that regard. In that way, policy can be made more coherent and more effective than it is today, including with regard to European-funded support measures. It will also be important in this connection to improve the harmonisation of short-term and long-term objectives.
- [10] The FCSD's view on the coherence between the Lisbon and Gothenburg processes corresponds to the opinion adopted by the European Economic and Social Committee on this subject: *'The two strategies must be coherent under the overarching objective of long-term sustainable development. This means that sustainable development objectives must permeate all policy areas of the Lisbon strategy. In this way, the Lisbon strategy can and should be an important intermediate step on the way to sustainable development, but cannot be a substitute for a long-term sustainability strategy. The economic growth generated by the Lisbon strategy must be qualitative and decoupled from resource use to a greater extent, so that it is compatible with sustainable development. However, this also means that the Lisbon strategy can make an important contribution to the sustainability strategy if it helps refocus the economy on a more sustainable model.'*²⁰
- [11] Coordination between the Lisbon and Gothenburg processes in the EU is hampered by the fact that reviews of the two processes are out of step. The Lisbon process is currently being relaunched by means of the Integrated Guidelines and National Reform Programmes, but there is not likely to be a review and relaunch of the EUSDS this year. It was originally planned that the two processes would be examined simultaneously at the European Spring Summit in 2005. In a recent opinion,²¹ the FCSD regretted that this coupling between the EUSDS and the Lisbon review had fallen by the wayside. In any event there is a need for a coordinated approach between the two strategies, which are equally essential.

¹⁶ See COM(2005)141 'Integrated Guidelines for Growth and Jobs (2005-2008)'

¹⁷ FCSD 2004a09 (29 October 2004) § 17

¹⁸ One can imagine tension between competitiveness and job flexibility on the one hand, and between job security and job quality, on the other.

¹⁹ Cf. the five principles of European governance: openness, participation, responsibility, coherence and effectiveness (mentioned in particular in COM(2001)428 and SEC(2004)1153)

²⁰ NAT/229 – EESC 661/2004 (28/4/2004): 'Assessing the EU sustainable development strategy – exploratory opinion', 2.4.4. and 2.4.5., quoted in FCSD 2004a09 (29/10/2004) § 21

²¹ "Opinion on the annual assessment of federal sustainable development policy", 2005a01 § 23



- [12] Concerning better articulation between the Lisbon and the Gothenburg approaches, the FCSD has already pointed out in different opinions the importance of impact assessment as an instrument for evaluating, each against the others, the social, economic and ecological aspects of a strategic issue.²² Indeed, not only do impact assessments help reinforce policy both qualitatively and quantitatively, but they also integrate it and consequently strengthen the transversal nature of sustainable development.
- [13] The FCSD therefore appreciates that the EU has developed in recent years an impact assessment method for its policy initiatives and calls on it to continue to optimise this procedure. For the moment, the Commission's impact studies are not very transparent, are of unequal quality and often do not yet present a sufficiently integrated approach.²³ In addition, account needs to be given to the fact that certain aspects of sustainable development are hard to quantify (the value of biodiversity, for example) and as a result are not always sufficiently taken into consideration in impact assessments.
- [14] While an impact assessment provides information on different choices and on the consequences of policy options, it does not imply a decision as such. All things considered, what is needed is a decision-making process that respects the governance principles, namely the effective management targeted by the EU.²⁴ One of these principles is participation, which is also an important principle of sustainable development.²⁵ The FCSD therefore appreciates that the Brussels European Council of 22 and 23 March 2005 pointed out in respect of the new Lisbon strategy that '*Alongside the governments, all the other players concerned – parliaments, regional and local bodies, social partners and civil society – should be stakeholders in the Strategy and take an active part in attaining its objectives.*'²⁶ As a civil society consultative body, the FCSD is prepared to contribute to the strategy, for example by issuing opinions on the articulation of specific 'Lisbon' questions with sustainable development.

A National Reform Programme in harmony with sustainable development

- [15] Also in regard to the Lisbon approach in Belgium, and in particular to the National Reform Programme (NRP) to be prepared on the basis of the Integrated Guidelines, the FCSD would like to see coherence with our country's approach to sustainable development. That will lead to a policy comprising economic, social and ecological dimensions, and implemented in a coordinated way in the different areas and sectors.²⁷
- [16] The FCSD therefore calls for preparation of the NRP to give due account to sustainable development policy documents and processes already existing in our country (at both the federal and regional levels). The Second Federal Sustainable Development Plan 2004-2008, which incorporates the six themes of the European Sustainable Development Strategy, can be an important source of inspiration, for example. Indeed, with a view to sustainable development, that plan addresses a number of subjects related to the guidelines to be transposed by the NRP (employment, ageing, research and development, mobility, globalisation, sustainable use of natural resources and environmental protection).
- [17] As the NRP will be developed jointly by the federal authorities and the governments of the Communities and Regions, it would also be advisable in the future to articulate the plan with the national sustainable development strategy (NSDS), on which work is just getting started and which is expected to materialize by mid-2006. At the end of May of this year, the FCSD issued an opinion

²² FCSD 2001a16 §8, FCSD 2004a09 § 28, FCSD 2005a01 § 12

²³ Cf. among others the report by the Institute for European Environmental Policy (London): 'Sustainable development in the European Commission's integrated impact assessments for 2003' (April 2004). See also FCSD 2004a09 § 29 'Opinion on the European sustainable development strategy review'

²⁴ See footnote page 17

²⁵ Rio de Janeiro Declaration on the environment and development (1992), principle 10

²⁶ Presidency Conclusions, 6

²⁷ In various opinions, the FCSD has stressed the importance of horizontal integration of policy or of the multisectoral approach (2005a02, 2005a01, 2004a09, 2004a04, 2003a09, 2003a04, etc.)



on the draft framework text for an NSDS in our country,²⁸ in which it already stated that, for the Lisbon Strategy and the National Reform Programmes, the NSDS *'should also constitute the political framework for this approach and our country's economic development initiatives must fit into a sustainable development context. The final aim is to build a society that is outstanding economically, socially and ecologically, based on an "eco-efficient" economy.'*²⁹

- [18] Attaining that objective will take a policy that encourages sustainable production and consumption in order to ensure the decoupling of economic growth from resource use and environmental pollution. The NRP will subsequently also have to take account of the decoupling strategy the government will be developing in consultation with the regions by 2007.³⁰ The FCSD is currently drawing up an initial opinion on this strategy, which will also be given new impetus at European Union level and may contribute to the Community's Lisbon programme.³¹
- [19] Tax policy and price policy are fundamental instruments for the decoupling process and for encouraging more sustainable consumption and production. The European Council of 16 and 17 June 2005 mentions the principle of the internalisation of external costs in its 'Declaration on the guiding principles for sustainable development',³² and the FCSD has stressed in various opinions the importance of that principle.³³ For example, it welcomed in its recent opinion on the annual assessment of federal sustainable development policy,³⁴ the federal government's decision to charge a working group with conducting research on the internalisation of external environmental and social costs for December of this year. The results of that research, which comes under action 22 ('Fair prices') of the Second Federal Plan for Sustainable Development 2004-2008,³⁵ can also be useful for the NRPs of the coming years.
- [20] The FCSD calls in general for an NRP that attaches sufficient importance to the positive impact that 'ecological and social' concerns - such as rational use of energy and raw materials or protection of the environment and public health - can have on 'socio-economic' objectives such as growth, competitiveness, employment and a balanced budget. Economic performances can help finance social and environmental policy, but environmental objectives can in turn provide strong economic and social impetus. So there is a need to devote attention not only to interactions and coordination between the economic and social pillars of sustainable development, but also to the relation between the economic and environmental aspects, and between the social and environmental aspects.
- [21] Such an innovative policy requires substantial investment in research and development. Integrated guidelines 7 and 8 are therefore of great importance, as they focus on increasing investment in research and development, and promoting innovation.³⁶ The FCSD asks that, for the transposition of these guidelines into the NRP, sustainable development be used as the frame of reference for research programmes and that considerable investments be made in applied research relating to eco-efficient innovation and environmental technology in areas where Belgium can make a contribution at European level.³⁷ An innovative policy in this area *'can indeed contribute to the decoupling of growth and consumption of energy and raw materials, a more eco-efficient economy,*

²⁸ FCSD 2005a02

²⁹ 2005a02 § 8

³⁰ Cf Second Federal Plan for Sustainable Development and general policy note 2004 by State Secretary Els Van Weert

³¹ Namely, the 'Thematic Strategy for the sustainable use of natural resources', expected to be renewed this autumn. See <http://europa.eu.int/comm/environment/natres/index.htm>

³² See Annex 2 of this opinion

³³ 2001a08 § 25, 2002a07 § 44, 2004a04 § 164, 2004a09 § 73 and 74, 2005a01 § 34 and 35

³⁴ 2005a02 § 34

³⁵ § 32209. The integration of ecological and social criteria with a view to sustainable development is also fundamental with regard to public procurement: the EU has created the necessary context with the new Public Procurement Directive of 31 March 2004

³⁶ The Commission's recent (19/7/2005) document 'Key figures 2005 for Science, Technology and Innovation' reveals that investment in research and development (as a % of GNP) is stagnating in the Union.

³⁷ There is indeed a need to coordinate research and development efforts at European level.



*a more cost-effective environmental policy and socio-economic advantages thanks to the competitive edge an innovation policy can offer.*³⁸

- [22] The FCSD points out that the integrated guidelines devote sufficient attention to increased participation on the labour market, which strengthens social cohesion, but that they hardly address the redistribution of growth and employment. And yet, a redistribution policy, which also includes alleviating poverty, is also fundamental for promoting social cohesion and reducing inequalities and the growing divide in our society. In March 2000, the Lisbon Summit identified social inclusion and the eradication of poverty as strategic objectives. The FCSD therefore calls for the NRP to take account of measures from the National social Inclusion Plan 2003-2005, developed in our country as part of the European strategy for social inclusion.
- [23] Finally, the FCSD hopes to see the NRP address the global dimension in a more qualified way than what is referred to in guideline 13: *'To ensure open and competitive markets inside and outside Europe, and to harvest the fruits of globalisation.'* We also have to be attentive to the consequences of our policy on the economic, social and ecological situation in other countries, and in a multilateral context, we must push for sustainable development worldwide.³⁹ With respect to the regulation of world trade, the FCSD remarked in a recent opinion that trade liberalisation is not an end in itself, *'but an instrument that can contribute to sustainable development, if used in the right conditions. These conditions include elements of good governance (correctly working rule of law, absence of corruption, stable legal and political framework, etc.) as well as attention to social, ecological and development aspects.'*⁴⁰

³⁸ FCSD 2005a01 § 30. See Commission's Environmental Technologies Action Plan (ETAP): COM (2004)38 of 28/1/2004

³⁹ See the main objective, 'Accepting our international responsibility', in the Declaration on the Guiding Principles for Sustainable Development (Annex 2)

⁴⁰ FCSD 2005a05, "Opinion for preparation of the Sixth WTO Ministerial Conference in Hong Kong", § 6

