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**COUNCIL OF
THE EUROPEAN UNION**

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COVER NOTE

from : Presidency

to : Delegations

Subject : **BRUSSELS EUROPEAN COUNCIL
16 and 17 JUNE 2005**

PRESIDENCY CONCLUSIONS

The meeting of the European Council was preceded by an exposé by the President of the European Parliament, Mr Josep Borrell, followed by an exchange of views.

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4. The Council addressed the following issues:

- I. Financial perspective
- II. Economic, social and environmental issues (Lisbon Strategy; sustainable development)
- III. Area of freedom, security and justice (the Hague Programme; terrorism)
- IV. External relations
- V. Other business

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II. ECONOMIC, SOCIAL AND ENVIRONMENTAL ISSUES

Sustainable development

7. When it relaunched the Lisbon Strategy in March 2005, the European Council reaffirmed that the Strategy was to be seen in the wider context of the sustainable development requirement that present needs should be met without compromising the ability of future generations to meet theirs.
8. The European Council reiterates its attachment to sustainable development as a key principle governing all the Union's policies and activities. In this context, and on the basis of the Commission proposal, the European Council approves the "Declaration on the guiding principles for sustainable development" (see Annex I). It welcomes this new impetus and recalls that the key objectives and guiding principles set out in the declaration will serve as a basis for the renewed sustainable development strategy, comprising targets, indicators and an effective monitoring procedure, to be adopted before the end of 2005 if possible.

Relaunching the Lisbon Strategy: a partnership for growth and jobs

9. In March 2005, the European Council judged that it was vital to relaunch the Lisbon Strategy without delay and to refocus priorities on growth and employment. To achieve that objective, it also concluded that all appropriate national and Community resources – including the cohesion policy – must be mobilised to a greater degree in the Strategy's three dimensions (economic, social and environmental) and that synergies must be developed between those dimensions.
10. In this context, the Council approves the Integrated Guidelines for Growth and Jobs 2005-2008, which consist of the Broad Economic Policy Guidelines, which ensure the overall economic consistency of the three dimensions of the Strategy, and the Employment Guidelines. It welcomes this first result of the new approach defined at its meeting in March 2005, which makes it possible, on the basis of the proceedings of all the Council's configurations concerned with implementation, to coordinate macro-economic policies, micro-economic policies and employment policies around twenty-four integrated guidelines (see Annex II) in a dynamic and consistent fashion, in accordance with the procedures laid down in the Treaty.
11. To follow the new three-year governance cycle, the Integrated Guidelines must now be translated into ambitious national reform programmes, to be established by the Member States

in accordance with the timetable put forward by the Commission, which respond to their needs and specific situations, and which reflect this integrated and consistent approach involving macro-economic policies, micro-economic policies, and employment. The Commission will also present a Lisbon Community programme covering all the action to be taken at Community level. Those programmes are an indispensable instrument for growth and jobs.

ANNEX I

DECLARATION ON GUIDING PRINCIPLES FOR SUSTAINABLE DEVELOPMENT

Sustainable development is a key objective set out in the Treaty, for all European Community policies. It aims at the continuous improvement of the quality of life on earth of both current and future generations. It is about safeguarding the earth's capacity to support life in all its diversity. It is based on the principles of democracy and the rule of law and respect for fundamental rights including freedom and equal opportunities for all. It brings about solidarity within and between generations. It seeks to promote a dynamic economy with full employment and a high level of education, health protection, social and territorial cohesion and environmental protection in a peaceful and secure world, respecting cultural diversity.

To achieve these aims in Europe and globally, the European Union and its Member States are committed to pursue and respect, on their own and with partners, the following objectives and principles:

Key objectives

ENVIRONMENTAL PROTECTION

Safeguard the earth's capacity to support life in all its diversity, respect the limits of the planet's natural resources and ensure a high level of protection and improvement of the quality of the environment. Prevent and reduce environmental pollution and promote sustainable production and consumption to break the link between economic growth and environmental degradation.

SOCIAL EQUITY AND COHESION

Promote a democratic, socially inclusive, cohesive, healthy, safe and just society with respect for fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms.

ECONOMIC PROSPERITY

Promote a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy which provides high living standards and full and high-quality employment throughout the European Union.

MEETING OUR INTERNATIONAL RESPONSIBILITIES

Encourage the establishment and defend the stability of democratic institutions across the world, based on peace, security and freedom. Actively promote sustainable development worldwide and ensure that the European Union's internal and external policies are consistent with global sustainable development and its international commitments.

Policy guiding principles

PROMOTION AND PROTECTION OF FUNDAMENTAL RIGHTS

Place human beings at the centre of the European Union's policies, by promoting fundamental rights, by combating all forms of discrimination and contributing to the reduction of poverty and the elimination of social exclusion worldwide.

SOLIDARITY WITHIN AND BETWEEN GENERATIONS

Address the needs of current generations without compromising the ability of future generations to meet their needs in the European Union and elsewhere.

OPEN AND DEMOCRATIC SOCIETY

Guarantee citizens' rights of access to information and ensure access to justice. Develop adequate consultation and participatory channels for all interested parties and associations.

INVOLVEMENT OF CITIZENS

Enhance the participation of citizens in decision-making. Promote education and public awareness of sustainable development. Inform citizens about their impact on the environment and their options for making more sustainable choices.

INVOLVEMENT OF BUSINESSES AND SOCIAL PARTNERS

Enhance the social dialogue, corporate social responsibility and private-public partnerships to foster cooperation and common responsibilities to achieve sustainable production and consumption.

POLICY COHERENCE AND GOVERNANCE

Promote coherence between all European Union policies and coherence between local, regional, national and global actions in order to enhance their contribution to sustainable development.

POLICY INTEGRATION

Promote integration of economic, social and environmental considerations so that they are coherent and mutually reinforce each other by making full use of instruments for better regulation, such as balanced impact assessment and stakeholder consultations.

USE BEST AVAILABLE KNOWLEDGE

Ensure that policies are developed, assessed and implemented on the basis of the best available knowledge and that they are economically sound and cost-effective.

PRECAUTIONARY PRINCIPLE

Where there is scientific uncertainty, implement evaluation procedures and take appropriate preventive action in order to avoid damage to human health or to the environment.

MAKE POLLUTERS PAY

Ensure that prices reflect the real costs to society of production and consumption activities and that polluters pay for the damage they cause to human health and the environment.

ANNEX II

INTEGRATED GUIDELINES FOR GROWTH AND JOBS 2005-2008

1. Guarantee the economic stability for sustainable growth
2. Safeguard economic and budgetary sustainability, a prerequisite for more jobs
3. Promote an efficient allocation of resources, which is geared to growth and jobs
4. Ensure that the development of salaries contributes to macroeconomic stability and growth
5. Strengthen the consistency of macroeconomic, structural and employment policies
6. Contribute to the dynamism and smooth operation of EMU
7. Increase and improve investments in research and development, in particular in the private sector, with a view to establishing a European area of knowledge
8. Facilitate all forms of innovation
9. Facilitate the spread and effective use of ICTs and build a fully inclusive information society
10. Strengthen the competitive advantages of its industrial base
11. Encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth
12. Extend and deepen the internal market
13. Ensure open and competitive markets inside and outside Europe, reap the rewards of globalisation
14. Create a more competitive business environment and encourage private initiative by improving regulations
15. Promote a more entrepreneurial culture and create a supportive environment for SMEs
16. Expand, improve and connect European infrastructures and complete priority cross-border projects
17. Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion

18. Promote a lifecycle approach to work
19. Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people and the inactive
20. Improve matching of labour market needs
21. Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of social partners
22. Ensure employment-friendly labour costs developments and wage-setting mechanisms
23. Expand and improve investment in human capital
24. Adapt education and training systems in response to new skill requirements