



European Economic and Social Committee



IMPLEMENTATION OF THE LISBON STRATEGY

SUMMARY REPORT
FOR THE EUROPEAN COUNCIL

(23 and 24 March 2006)

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European Economic and Social Committee

IMPLEMENTATION OF THE LISBON STRATEGY

CONTRIBUTIONS FURTHER TO THE EUROPEAN COUNCIL OF 22-23 MARCH 2005

- **A summary report prepared in collaboration with national ESCs of the EU**
- **Contributions of two candidate countries**
- **Report by the Liaison Group**

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EXECUTIVE SUMMARY

This report, drawn up by the European Economic and Social Committee (EESC) at the **request of the European Council** of March 2005, sets out **the results of the EESC's consultation of its partners, throughout the Member States and at European level, on the implementation of the Lisbon Strategy** and the role of the social partners and other components of organised civil society.

Based on its analysis of the reports by its partners, **the EESC can make the following observations:**

1. The Lisbon Strategy is essential as it is a project that concerns the whole of society in Europe.
2. The three pillars of the strategy (social, economic, environmental) – which carry equal weight – should not be viewed separately.
3. The development of national reform programmes by the EU Member States is a right and necessary step.
4. There should be a clearer division of tasks and responsibilities between the various levels and players.
5. The political authorities should provide economic and social players with new opportunities to act.
6. The implementation of the strategy is vague and lacks clear methods and verifiable deadlines.
7. The open method of coordination requires the close involvement of civil society.
8. The involvement of organised civil society as a whole is essential but inadequate.
9. The strategy has not always been addressed to the public, or designed to be understood by it.
10. There is no public discussion presenting the strategy as a common European project.
11. Successful implementation of the Lisbon Strategy will only be possible by promoting a win-win situation.
12. Civil society organisations in Europe have the competences to be partners in the development process.

The EESC therefore proposes the following joint strategies for action, to be implemented with the civil society interactive network:

1. Hold European, national, regional and local authorities to their responsibilities.
2. Emphasise that coordination is the priority task of the European institutions, in line with the subsidiarity principle
3. Call for the greatest possible involvement of citizens in key political and strategic projects.
4. Require organised civil society to be involved in the national reform programmes.
5. Highlight the quality of initiatives towards the common objectives and values.
6. Show the importance of economic and social councils as partners of the State.
7. Promote civil society structures, particularly in the new Member States.
8. Support the position that "*people are Europe's main asset*".
9. Encourage investment in people and in European society.
10. Explain to their members that these investments are also a key productivity factor.

11. Highlight the importance of social partnership and social dialogue.
12. Emphasise the specific tasks of the social partners and their means of action.
13. Show that employers' and trade union organisations are meeting their responsibilities to society.
14. Harness the EESC's unique network in order to add value to the Lisbon Strategy.
15. Use the EESC's network to relay messages to huge sectors of the population.
16. Show that this network helps to convince the public of the validity of the Lisbon Strategy.
17. Propose a "European civil society day" in order to raise awareness.

In the future, and at the European Council's request, **the EESC is keen to continue encouraging the activities of the interactive network** in the following areas:

- gathering and recording good practices which are particularly relevant to the implementation of the Lisbon Strategy;
- collecting and circulating structured reports from organised civil society on monitoring the application of the Lisbon Strategy at different levels;
- encouraging civil society to propose ideas for the effective implementation of the Lisbon Strategy, with constructive improvements and additions to the governments' reform plans;
- helping to set up and strengthen civil society structures, particularly economic and social councils in countries where these do not yet exist, or where their powers are still too limited.

These proposals are described in detail in the chapter entitled "The point of view of the European Economic and Social Committee".

INTRODUCTION

The European Council of 22 and 23 March 2005 encouraged the European Economic and Social Committee (EESC) to "*set up with national economic and social councils in the EU Member States and other partner organisations an interactive network of civil society initiatives for promoting the implementation of the Lisbon Strategy*" and to present the results thereof to the next European Spring Council in 2006 (point 9 of the Conclusions of the Presidency).

To this end, the EESC has shown great commitment in responding to this call and trusts that this report will provide a substantial contribution to the effective implementation of the Lisbon Strategy.

The EESC called on its "natural" partners in all the Member States, the national economic and social councils (ESCs), to draw up short reports. It was jointly decided that these would outline the national reform programmes and needs and priorities and, if need be, would comment on the aspects of these programmes considered to be particularly important. In a second part, these reports were also to explain the role of the social partners and other components of organised civil society in implementing the Lisbon Strategy and, wherever possible, to outline examples of good practice and future priorities. For EU Member States where there was no national ESC or a similar organisation, the report was to be drawn up by a member of the EESC with particular expertise in this area.

The liaison group with European civil society organisations and networks – set up by the EESC at the end of 2004 to promote dialogue with European civil society organisations and networks not directly represented within the Committee – made its own contribution.

This report is divided into three:

- part one sets out the EESC's point of view and the main conclusions of this joint undertaking;
- part two presents the reports by the EESC's partners in the 25 EU Member States, plus the contributions of the Bulgarian and Romanian ESCs;
- the last part covers the stance of the liaison group between the EESC and European civil society organisations and networks, and is entitled "On the future of the Lisbon Strategy".

THE POINT OF VIEW OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

I. Introductory remarks

At its meeting in Lisbon in March 2000 the European Council set a new strategic aim for the European Union in the decade leading up to 2010 in order to meet the challenges of globalisation and the new knowledge-based economy. **As the changes targeted by the strategy concern every aspect of people's lives, the Council thought that they had to be shaped by the European Union in a manner consistent with the EU's values and concepts of society.** The opportunities arising from the new situation could only be exploited with the aid of a challenging programme for building knowledge infrastructures, enhancing innovation and economic reform and modernising social welfare and education systems (Lisbon European Council; introduction "The new challenge").

Apart from structural reforms for enhancing competitiveness and innovation, suitable ways and means of attaining the new aim included the modernisation of the "European social model", especially by investing in people. Point 24 states: ***"People are Europe's main asset and should be the focal point of the Union's policies. Investing in people and developing an active and dynamic welfare state will be crucial both to Europe's place in the knowledge economy and in ensuring that the emergence of this new economy does not compound the existing social problems of unemployment, social exclusion and poverty"***, but aims to adapt and improve citizens' living conditions.

The "open method of coordination" was introduced to implement the Lisbon Strategy in point 38, viz.: ***"A fully decentralised approach will be applied in line with the principle of subsidiarity in which the Union, the Member States, the regional and local levels, as well as the social partners and civil society, will be actively involved, using variable forms of partnership. A method of benchmarking best practices on managing change will be devised by the European Commission networking with different providers and users, namely social partners, companies and NGOs."*** Point 41 also states: ***"Achieving the new strategic goal will rely primarily on the private sector, as well as on public-private partnerships. It will depend on mobilising the resources available on the markets, as well as on efforts by Member States. The Union's role is to act as a catalyst in this process."***

Therefore the original document on the Lisbon Strategy very clearly demonstrates that the project has to do in principle and above all with the development of European society as a whole, with the focus being on the human individual with his value-oriented, social, economic, cultural and environmental points of reference. The approach therefore ties in with the principle of sustainable development in all the key sectors of European society. That the corresponding political action taken at all levels ranging from the European macro-dimension to the grassroots micro-level must perceive and involve the human individual as both the subject and object of the strategy and its concrete forms of expression

and implementation is the logical consequence of democratic European society. This undoubtedly highlights the importance of civil society's comprehensive involvement in all phases of the strategy.

II. The reports of the European Economic and Social Committee's interactive network and the national economic and social councils (ESCs)

The reports produced by the national ESCs vary and refer to selective aspects of the national reform programmes and the role of the organisation in question.

This is understandable bearing in mind the different national situations, the national traditions, the specific experiences and also, of course, each country's political priorities. In addition, the organisations covered by the term "ESC" have differing structures, types of member, tasks and working methods.

It is therefore regrettable that some of these reports were not drawn up by independent, autonomous ESCs, but by quasi-public bodies or chairpersons established by the public authorities. Certain reports may not be completely objective as regards policies and public administration, and may be somewhat indulgent in their assessments of national reform programmes. However, as this is an innovative procedure, it is reasonable to assume that the overall quality of these reports will improve significantly over time.

Moreover, the contribution of the liaison group bringing together the EESC and European civil society organisations and networks entitled "On the future of the Lisbon Strategy" is a summary of views that has been carefully coordinated by the members of the liaison group. This paper presents the views, beliefs and demands of a range of European civil society networks which in turn bring together the views of their members and national representatives in the individual EU Member States. The areas covered range from the social sector to human rights, culture, the social economy and consumer protection, to name but a few.

The term "organised civil society" is used according to the definition given by the EESC and recognised by the European Parliament and the European Commission in the White Paper on Governance and other key documents.

III. The twelve most important conclusions from the national reports

- 1) All contributions **emphasise that the Lisbon Strategy is indispensable**. It is recognised that the **project is one which concerns the whole of society in Europe** and that the EU's values and aims must be fully respected in the process. The Lisbon Strategy must therefore be seen as a vital part of the European integration process and must also be publicised as such. It is widely stressed that the strategy's original blueprint (together with the environmental dimension added later) is geared to the right aims and that the approaches adopted are generally appropriate.

- 2) It is also stressed that **the strategy's three pillars (social, economic, environmental) – which carry equal weight – should not be viewed separately**. Otherwise, the project would lose its raison d'être if the balance between such important areas of activity for society and private individuals were to be upset. However, this by no means signifies that "competitiveness and growth" is not recognised as one of the sine qua nons for progress and modernisation, though without being an end in itself. The quality/quantity question and how to allocate the profits of growth are still important issues in the debate.
- 3) **The development of national reform programmes by the EU Member States is welcomed as a right and necessary step**. It ensures that account can be taken of a country's particular level of development as well as national traditions and experiences and the country's specific priorities – and that these can then be communicated to the EU in all their details and incorporated in the overall strategy. On the other hand, it is also noted that the subnational level (i.e. regions and local authorities) still takes far too little notice of or attaches far too little importance to the strategy, even going so far as to ignore it completely.
- 4) **A clearer division of tasks and responsibilities between the various levels and players would be desirable**. Even though the agreement reached by the Lisbon Council in 2000 also laid down clear pointers in this respect, these have not been adequately brought to bear so far. With regard to the decentralised approach, the role of the private sector, the importance of civil society and the Union's role as a catalyst, the responsibilities and areas of action applicable in each case are incomplete and unclear.
- 5) **It is important for the political authorities and the state to set new guidelines at the various levels and provide economic and social players with new opportunities to act** and that the "think global, act local" principle proclaimed in Rio should also be applied in the case of the Lisbon process. All essential areas of action would have to be coordinated to a high degree by the political authorities and public administrations in order to focus the strategies for action in various sectors and at various levels on the main targets and to prevent programmes and actions from conflicting with one another. The principle of "concerted action" for solving the problem of everybody thinking and acting in isolation should become a general guideline. This would make it much easier to communicate the strategy to the public and to the bodies and organisations called on to cooperate.
- 6) **One central criticism concerns the implementation of the Lisbon Strategy**. It is argued that theoretical plans, indicators and other abstract concepts are still being discussed too much and that the **political will to adopt ambitious implementing plans** in the form of concrete targets, binding measures, clear methods and verifiable deadlines is still only **beginning to emerge** in many areas. Precise monitoring and assessment procedures are extremely important.
- 7) The "**open method of coordination**" is welcomed as an **important instrument**. However, it is pointed out that it is vital for **civil society to have a large say and for parliaments to be systematically involved**.

- 8) The **involvement of national ESCs and of organised civil society as a whole is inadequate. Organisations founded and run by citizens themselves are of immense importance** in cases where – as the strategy clearly states – the focus is (and must be) on the human individual and it is not only a matter of structures and procedures. These organisations act as the preferred channel for the needs, problems, expectations and proposals of citizens and can pass on the requisite information to the public, as well as promoting and fueling public discussion; they play a decisive role in shaping the public's acceptance or rejection of the plans and measures adopted by the political and administrative authorities.
- 9) Although, according to the Lisbon European Council, the changes to be made and the challenges to be taken up "are affecting every aspect of people's lives", **the Lisbon Strategy is by no means addressed to the public, let alone designed to be understood by it.** The public therefore does not yet feel directly affected. The strategy does not form a part of people's plans for the future; people also do not see it as a reality and necessity for their children and grandchildren.
- 10) The **public has no knowledge of a public discussion about the Lisbon Strategy as an integral part of a joint European project for shaping the future of our community in which the whole of society takes part.** This dimension has not been addressed so far. Those that do know about the Lisbon Strategy see it as elitist, technocratic and remote. This has fatal consequences: modernisation is understood less and less as a positive reform which shapes the future and instead as a process which calls past achievements into question and even erodes these achievements.
- 11) Successful implementation of the Lisbon Strategy means **promoting a win-win situation from which private individuals and society as a whole can benefit. Organised civil society therefore has the task of complementing the role of the state in providing information and in helping to shape change.** The state is obliged not only to create the best possible structures, opportunities and procedures, but also to ensure that the potential and creativity of all members of society can be enhanced as best possible.
- 12) **Civil society organisations in Europe have the competences and capabilities to be able to perform their tasks in full as partners in this process.** They are capable of promoting the requisite provision of information from above and below, they possess the requisite expertise, they ensure participation and thereby create the feeling of "ownership" vis-à-vis processes. They stimulate motivation and the readiness to accept responsibility, and are a valuable testing ground for innovation in society. They promote civil dialogue and the readiness to compromise between groups and divergent interests in society. They are successful players in the field of public-private partnerships, and they are masters in European cooperation and networking outside the field of public administration.

IV. Outlook and scope for civil society

Communication with the masses is still in its infancy. Moreover, recognising the fact that each EU Member State has its own realities, experiences, needs and priorities is not enough to ensure the success of the strategy. After all, this is a project affecting European society, a project for reforming and developing the European social model.

Organised civil society is certainly willing and able to make a major contribution to the common approach and its implementation. The interactive network of civil society initiatives coordinated by the EESC, bringing together Member States' ESCs and other partner organisations in order to promote the implementation of the Lisbon Strategy, can play a key guiding and defining role in this regard. The initiatives, mobilisation measures and actions of civil society all contribute to the added value that Europe will benefit from in the future.

In light of the above, strategies can be suggested for joint action in various fields, as set out below. These are designed to establish the Lisbon Strategy more strongly within European society and speed up its implementation.

a) Responsibility of society as a whole, good governance and participation

The implementation of the Lisbon Strategy is a European project for the future, affecting all sectors of European society, public authorities, economic players and civil society organisations. Given this common responsibility, there must be a clear complementarity between the different levels, particularly between the EU and Member States. Nonetheless, their powers and levels of responsibility remain very different, and no sphere of governance will be substitutable for any other. Furthermore, all three pillars of the strategy – social, economic and environmental – must be seen and implemented in compliance with the principle of sustainable development.

1. Organised civil society must constantly **strive to hold European, national, regional and local authorities to their responsibilities**, particularly as regards objectives, coordination, organisation, transparency, dialogue and the creation of a favourable environment so that, in the context of the Lisbon Strategy, the economic and social players can fully realise their potential for action and creativity.
2. In particular, civil society emphasises that **coordination is the priority task of the European institutions**, especially as regards economic and monetary policy. It highlights **the key role that regional and local levels play** in applying the subsidiarity principle and the concept of "think global – act local".
3. Organised civil society points out that modern democracy is characterised by **the broad accessibility of information and the greatest possible involvement of citizens in key political and strategic projects**. This holds particularly true for the Lisbon Strategy. Civil society organisations must be involved in closely formulating the strategy, implementing it

effectively, selecting the instruments to be used, tracking its progress, assessing the results and, if necessary, adjusting it.

4. Organised civil society is ready and willing to be **involved in the design, formulation and implementation of national reform programmes**. Owing to its in-depth knowledge of the major issues affecting the public, it could shed light on and, where necessary, prevent any undesirable consequences of the reform programmes.
5. As concerns the economy, employment, education, vocational training, research and technological development, environment and social issues, organised civil society highlights the quality of **progress and investment towards the common objectives and values** held by European society, and will expose any development that might deviate from these and harm individuals or society.
6. **ESCs that are autonomous and fully recognised by the state**, that issue their opinions with complete independence and comprise representatives of the social partners and other key civil society organisations are, **in the long term, an appropriate and effective means of civil society participation**. Such committees should be set up in all Member States.
7. **The EESC and its partners from the interactive network are willing to play an active advisory and supportive role in this field, bringing to bear their experience and expertise to achieve this objective.**

b) Importance of social issues and specific role of the social partners

8. **The EESC and its partners from the interactive network unreservedly support the position** adopted by the European Council in Lisbon in 2000: "**People are Europe's main asset and should be the focal point of the Union's policies**. Investing in people and developing an active and dynamic welfare state will be crucial both to Europe's place in the knowledge economy and in ensuring that the emergence of this new economy does not compound the existing social problems of unemployment, social exclusion and poverty", but aims to adapt and improve citizens' living conditions. They will therefore **strive to ensure that this concept continues to determine the direction taken by society**, not just at European level but also nationally, regionally and locally.
9. The EESC and its partners consider that one of the main ways of **investing in people and in European society as a whole is to promote science, research and technological development**. The EESC developed this in an exploratory opinion issued in December 2005 on *The road to the European knowledge-based society – the contribution of organised civil society to the Lisbon Strategy*.

10. **The EESC and its partners will enhance the Lisbon Strategy by explaining to their members and the general public that these investments are also a key productivity factor and, thus, an undeniable competitive advantage.**
11. **Other aspects of the European social model are of particular importance, such as social partnership and independent social dialogue.** For the EESC and its interactive network partners, promoting these aspects is a top priority.
12. The EESC and its partners consider that it is their duty to constantly **highlight the specific tasks of the social partners and the particular means of action available to them.** These tasks are paramount when it comes to applying the Lisbon Strategy at national level and, especially, at local and enterprise levels; both political and public opinion should be fully aware of them.
13. **Employers' and trade union organisations** are vital components of organised civil society and **should not shirk the responsibility that they have towards society as a whole. Instead, they should support the opportunities offered by the strategy and harness them** in order to devise innovative strategies. The social partners should identify and assess good practices in the field, such as social pacts, in order that they may be widely enhanced and shared. The same applies to cooperation initiatives with public partners, such as joint measures, flexicurity systems and employment pacts.

c) Establishment of networks and communication

14. Owing to its constant efforts to step up cooperation with Member States' economic and social councils and its creation of a liaison group with civil society organisations and networks, the **European Economic and Social Committee benefits from a unique network for communication, exchange of experiences and cooperation focussing on the implementation of the Lisbon Strategy.**
15. Thanks to this network and its own members, who represent a broad range of national civil society organisations, **the EESC can relay its messages to huge sectors of the European population.** This enables it to raise awareness about the future of Europe, **make the Lisbon Strategy more accessible, gather the reactions of citizens** and voice their concerns.
16. The nature and structure of this network mean that it can effectively address the public and **take account of their daily concerns and particular areas of interest,** such as employment, social issues, consumer protection, etc. In the future, the potential offered by such interaction must be leveraged in order to raise awareness, understanding and involvement. It is only by favouring specific actions over abstract concepts that it will be possible to **interest the public and convince them of the validity of the Lisbon Strategy.**

17. **The EESC and its partners propose setting up a "European civil society day"**, following on from discussions on a European scale. Not only would this day aim to highlight the importance of organised civil society in a modern, participatory European democracy, but it would **also make it possible to raise society's and the media's awareness of Europe's strategies for the future.**

d) Future of the interactive network

Depending on the reaction of the European Spring Council 2006, the European Economic and Social Committee is keen to continue encouraging and relaying the activities of the interactive network. In particular, it will strive to work with its partners in the following areas:

- **gathering and recording good practices** which are particularly relevant to the implementation of the Lisbon Strategy, such as effective forms of involvement and participation, innovative social partnerships, etc.;
- **collecting and circulating structured reports** from organised civil society on monitoring the application of the Lisbon Strategy at the various levels;
- **encouraging civil society to propose ideas for the effective implementation of the Lisbon Strategy**, that are of particular interest and might represent constructive equivalents, improvements or additions to the governments' reform plans;
- helping to **set up and strengthen civil society structures**, particularly economic and social councils in countries where these do not yet exist, or where their powers are still too limited.

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**CONTRIBUTIONS
FROM THE NATIONAL ESCs OF THE EU
(in order of protocol)**

BELGIUM

1. State of implementation of the Lisbon Strategy at national level

Belgium fully supports the Lisbon Strategy. By creating sustainable economic growth in a stable macroeconomic framework Belgium is aiming for more and more employment, more social cohesion and a healthy environment. This policy is followed closely at federal, regional and community level. Belgium is a federal country where economic and labour market policies are handled partly by the federal government and partly by the regional governments.

Belgium cherishes the prosperity and social protection which it guarantees to each of its citizens. To keep this model affordable in the long term six objectives have been pursued:

- a balanced budget with a long-term running-down of debt,
- boosting jobs by making labour cheaper and getting rid of unemployment cases,
- labour market reform and investment in education and training,
- investment to stimulate the economy,
- strengthening of social security and the multi-dimensional fight against poverty,
- strengthening of synergies between environmental protection and growth.

The most important priorities in Belgian policy are consistent with this general strategy and the country-specific recommendations which we have received, namely sustainability of public finances, boosting employment, taking action to cut long-term structural unemployment and enhance the interregional mobility of employees, and increasing competition in the services sector. These priorities, which of course are aimed at maintaining and even improving prosperity and social protection, form the guiding thread for action under the three headings of the National Reform Plan (NRP): "macroeconomic policy," "microeconomic policy" and "working for the good of all, young and old."

When drawing up the NRP, the departments responsible and the prime minister's office were in regular contact with the social partners within the two councils (the CEC and the NLC). These issued an opinion on the NRP on 31 August 2005.

In their opinion the councils stated that the strategy should not focus on growth and jobs to the detriment of its other, social and environmental objectives. In addition, the cross-sectoral character of the plan must be guaranteed. Apart from the area covered by the integrated guidelines, the Belgian NRP must also be open to other aspects of the Lisbon Strategy and take care that a balance is maintained between the different components of the strategy, namely economic growth, employment and social cohesion, and environmental sustainability. It is essential to keep all the objectives of the strategy in balance, while showing a certain realism and establishing priorities in each of these areas. Therefore, macroeconomic coordination at European level and the emphasis given to the areas of

macroeconomic policy (budget policy, monetary policy and incomes policy) must provide optimal and balanced support for the adjustments made necessary by the Lisbon Strategy. Structural reforms must be continued while constantly maintaining awareness of the need for a balance that makes the synergies between the different components of the strategy possible.

2. Role of economic and social players in implementing the Lisbon Strategy

2.1 CEC activities to promote the Lisbon Strategy

The Belgian law on the promotion of employment and protection of competitiveness includes two pillars with a single objective, namely to boost employment. The first pillar aims to align wage trends at macroeconomic level on those of Belgium's most important trading partners. The second pillar concerns the structural aspects of competitiveness and employment. The law provides for an assessment (the technical report) – followed by recommendations if necessary – of the workings of the labour market, the processes of innovation, the funding structures of the economy, the key factors that determine productivity, the structures of education and training, and changes in business organisation and development. The social partners wanted the structure of **the technical report** on the maximum margins for wage development, which they decided on together, to fit in with the different headings of European economic policy. By using this structure, Belgium's contribution towards implementing the European strategy can also be assessed.

This technical report is one of the most important reference points for the inter-occupational negotiation process. The councils would point out here that the **wage formation** referred to in the integrated guidelines comes under national jurisdiction. Moreover, the Treaty recognises the autonomy of the social partners, who in a number of countries, including Belgium, are themselves responsible for pay negotiations.

Also in the technical report, the CEC, supported by a university centre (Vlerick Leuven Ghent Management School) and a number of administrative bodies (Department for Scientific Policy and the Federal Planning Bureau) has devoted an in-depth study to **R&D and innovation and, more generally, the structural competitiveness** of Belgium. The aim is to develop a joint diagnosis and issue workable recommendations concerning the national innovation system and competitiveness. The CEC has also received a request from the Federal Minister for Scientific Policy for an opinion on the R&D objective set in Barcelona (3% of GDP in 2010) as part of the Lisbon Strategy.

In 2002, the CEC, within the framework of the Lisbon Strategy, asked the Federal Planning Bureau to look into socio-economic issues of particular relevance to **network businesses**. This cooperation ended in June 2005 with an international conference on the theme: The Lisbon Strategy: the engine behind the market reforms in network industries. The European Economic and Social Committee was also involved in this initiative. The aim of this conference was to assess the socio-economic impact of these reforms on network industries and on the European and Belgian economies as a whole.

Another important back-up in following up the Lisbon Strategy is the setting-up of a **European news monitoring group** within the CEC. With the collaboration of a university centre the social partners in this group can select issues that can provide them with food for thought and keep them in touch with key developments in the strategy. The group develops a cooperation network with several Belgian representatives within European decision-making or consultative bodies. Hearings are thus regularly organised at the CEC with the Belgian Representation to the European Union and with the Belgian representatives on the committee for economic policy and the economic and financial committee.

In addition, the social partners (CEC and NLC) have also had the opportunity, in a whole series of **opinions**, to draw the attention of policymakers to a number of guidelines which form the basis of their vision of the linkage between the three dimensions of sustainable development.

On the environment, apart from a series of major opinions on product standards, the topics covered include: the agricultural use of pesticides in Belgium, the preliminary draft of the federal plan (2003-2005) on product policy and the environment, the economic impact of the **Kyoto** protocol on Belgium and the issues surrounding item 2012 - **climate negotiations**.

As regards poverty and social exclusion, the CEC and NLC have expressed their views on the second two-yearly report "in dialogue", which was produced by the **department for combating poverty, insecurity and social exclusion**.

In the field of **mobility**, research has focused on the way in which the data for the database on journeys between home and work are collected and employers' contributions to the cost of annual train season tickets.

In the field of **sustainable development** as such, the CEC and the NLC have expressed their opinions on the assessment of sustainable development policy in Belgium, the review of the European strategy on sustainable development, the chapters on mobility, poverty and ageing of the population in the preliminary draft of the Federal Plan for Sustainable Development 2004-2008, and on the plan for implementing the world summit on sustainable development held in Johannesburg.

In the field of **energy efficiency**, the CEC has expressed its views on the proposal for a European directive on energy efficiency in end uses and energy services. The CEC is currently working on energy efficiency in the housing sector in Belgium.

Finally, in an opinion of 4 July 2005 the CEC's **Competition Committee** supported the draft laws amending the law on the protection of economic competition, which is due to be adopted as part of the continued modernisation of European rules on competition. Remarks were made in particular on prerogatives and the linkage between the competition authorities and sectoral regulators.

2.2 NLC activities to promote the Lisbon Strategy

2.2.1 Monitoring European issues

The Lisbon Strategy is also the subject of regular monitoring within the NLC. Two working parties, formed within the Europe Committee, carry out daily monitoring of the proceedings of the Employment Committee, the Social Welfare Committee, the Employment and Social Affairs Council and the European summits. This monitoring is organised through regular contacts with the Belgian representatives on these committees, the representatives of the ministers' private offices and departments concerned and the Belgian representatives on the Permanent Representatives Committee. These working parties form a flexible framework for informal exchanges between the organisations and representatives of government departments and ministerial private offices, particularly when the urgency of the EU's timetable so requires.

It is within this framework that two seminars on the assessment of the OMC as regards pensions and social inclusion were organised in 2005 by the NLC, in collaboration with the relevant ministers. These seminars enabled the NLC to make its position on the **assessment of the OMC as regards social matters** known to the government on 16 June 2005. The opinion on this matter was issued by the NLC on its own initiative, thanks to the contacts maintained with the civil service.

The NLC also issued, together with the Central Economic Council, **Opinion no 1,527 of 31 August 2005 on the national reform programme, before its adoption.**

2.2.2 Implementation of policies in Belgium

The NLC's concrete achievements include the following:

- The NLC recently issued two opinions on the laws and regulations needed to implement the recent **solidarity contract between the generations**. This contract, which contains a number of clauses of relevance to the Lisbon Strategy, was drawn up by the government in close collaboration with the social partners. Under this contract, the social partners at various levels will be asked for contributions on such important issues as the hiring of young people, active ageing, ongoing training in companies, wage costs, cuts in social security contributions, company restructuring, flexibility (team work) or the reform of the system of pensions and early retirement. The NLC and the social partners in general will play, in certain cases, a central role in the implementation of these measures.
- The social partners are at the heart of the new policy on the management of **restructuring**. Thus, the negotiations between the social partners and the government as part of the preparation of an inter-occupational agreement for 2005-2006 envisaged the gradual extension of the field of intervention for the Company Closures Fund. The extension to companies having between 10 and 19 workers was the subject of an amendment to the legislation and will have to be brought in without placing a further financial burden on companies. The extension came into force on 1 July

2005. The social partners were consulted on this issue and the law was published. Under the solidarity contract the social partners have to propose a new definition for companies undergoing restructuring by the end of March 2006. In addition, they are closely involved with the accompanying groups for finding jobs for workers made redundant following restructuring.

- The policy followed by the social partners aimed at **integrating groups at risk** into the labour market and the accompaniment and active monitoring of the unemployed is being continued, being partly financed by out of employers' social security contribution. The social partners were also concerned about raising the lowest net salaries.
- The NLC concluded Collective Labour Agreement no 84 of 6 October 2004 on the **involvement of employees in the European company**.
- As regards work organisation, the negotiations between social partners served as a basis for relaxing the rules on **overtime**. The reform allows accumulation of overtime to rise from 65 to 130 hours, and will thus ensure greater flexibility.
- The European framework agreement on **teleworking** was finalised by Collective Labour Agreement no 85 of 9 November 2005 on teleworking. The power to conclude collective labour agreements enables the NLC to directly transpose European directives or European framework agreements concluded autonomously by the European social partners.
- As regards the quality of work, the NLC published a **booklet on stress prevention**.
- As regards achieving a balance between work and family life, the NLC carried out an **assessment of the credit-time scheme**.
- As regards **ongoing training** for workers, the commitments entered into by the social partners at the national employment conference of October 2003 were confirmed. This involves:
 - assigning 1.9% of companies' wage bill to training (confirmation of the commitments entered into in the latest inter-trade agreements);
 - involving 60 000 extra workers each year in training in order to achieve within one year the European target of having one worker in two following a training course between now and 2010;
 - paying particular attention to certain target groups. To this end, the social partners asked the sectors and companies to assign the 0.10% for groups at risk in particular to older workers, the under-skilled, people with disabilities and immigrants.

These increased efforts should also facilitate moves into sensitive professions and help bring about close cooperation between the sectors and employment offices. In 2004 suitable training had to be given to 10 000 people.

The NLC and the EU Commission recently finalised the **new measuring instrument** which will make it possible to assess the attainment of training objectives.

- As regards **administrative simplification**, the NLC, and more generally the social partners in social security management committees, are closely involved in the implementation of the various forms of electronic declaration (DMFA, DIMONA, DRS). Similarly, the NLC recently issued an opinion containing its specific proposals for simplifying the social assessment.
- Lastly, the social partners were consulted over the **end of career** arrangements and the NLC submitted its **report (no 66) on the financing of social security**.

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CZECH REPUBLIC

The EU decided to revise the Lisbon Strategy following a mid-term evaluation of the fulfilment of its objectives. At the European Council's spring summit in Brussels in March 2005, the heads of state and government approved a new approach for the Lisbon Strategy. In the forthcoming period, attention should refocus on stimulating economic growth and employment, while respecting the principles of sustainable development. At the same time, changes have been made to the management of the Lisbon Process in order to expand the involvement of individual Member States. The aim of the new approach is for Member States to identify more closely with the set priorities and to improve their implementation. In this respect, EU Member States were asked to draw up National Reform Programmes (National Lisbon Programmes) to present to the European Commission and Council in autumn 2005 (by 15 October 2005). *(The Czech government approved its National Reform Programme on 14 September 2005 and, following the subsequent negotiation process, submitted it to the Commission on 14 October 2005.)*

The National Lisbon Programme of the Czech Republic (NLP) is a political document containing reforms planned to support growth and jobs in the period from 2005 to 2008; it is expected to be updated annually. The NLP is based on the Sustainable Development Strategy and the Economic Growth Strategy. An update to the Czech Republic's Convergence Programme (currently being prepared), along with the input for the preparation of the National Strategic Reference Framework and National Development Plan, was also reflected in the creation of the programme.

In order to reach a broad consensus on the content of reform priorities, this programme was discussed with economic and social partners, and was examined by the Committee on European Affairs of the Czech Chamber of Deputies and by the relevant committees of the Senate of the Czech Parliament. The Czech Republic has established mechanisms for the maximum effective coordination of state administration authorities and other parties involved to ensure the implementation of the set reforms. The partnership with key stakeholders will continue to be developed. The Czech Republic's plan is to gradually draw the general public into the debate.

Over three chapters (on macroeconomics, microeconomics, and employment), the National Lisbon Programme focuses on key measures intended to drive forward growth and employment in the Czech Republic. For individual measures, reasons are cited to substantiate the need for the measure, the stage of implementation, and the estimated impact; the implementation schedule is also defined. Where measures have a financial impact, sources of financing – including the potential use of the Structural Funds and the Cohesion Fund – are stated.

The Czech Republic's most important **macroeconomic** priority is to continue the reform of public finances in order to achieve a gradual reduction of the ratio of Maastricht public finance deficit to GDP so that by 2008 it falls below 3% of GDP, and the government's gross consolidated debt remains below 60%. The monetary policy, based on inflation targets, should result in a situation where price growth is low and stable. The Czech Republic is striving to become a member of the euro zone, and therefore the reforms should ensure that the Maastricht criteria are met ready for the introduction of the euro by 2010.

A prerequisite for the consolidation of public finances is the systemic restructuring of the expenditure side of the budget, especially mandatory expenditure. To ensure the long-term sustainability of public finances, particularly in the light of demographic trends, the pension system and healthcare financing need to be reformed. Labour-related measures are also required to increase the employment rate. In addition, public expenditure programmes need to focus on priority areas that will boost economic growth (infrastructure, education, research, science and innovation, the development of an institutional environment for business). On the income side of the budget, the restructuring of the tax levy will continue. The tax burden will gradually shift from direct taxes to indirect taxes. As of 2006, the tax imposed on low-income families will be cut in an effort to encourage active participation in the labour market.

Individual reforms related to **microeconomics** are interconnected and focus on measures that will strengthen and increase the competitiveness of the Czech economy, while taking account of the sustainable use of resources. The most important reforms will be the creation of an environment in which science, research and innovation are encouraged, including their commercial application in practice, and the formation of a quality business environment facilitating the establishment of new companies and placing a generally low administrative burden on entrepreneurs. Other significant areas of interest are the modernisation and development of the transport infrastructure, the efficient use of information and communication technologies, support for environmentally-friendly technologies and the rational use of resources.

As for development and competitiveness of the business environment, measures to lift the administrative burden shouldered by entrepreneurs – not only in the course of their business, but also at the start-up stage – will be very important. To this end, a system of central registration points for entrepreneurs will be set up that concentrate in one place all (or at least most) of the activities connected with establishing a business, and with the changes that occur once a business is up and running. The comprehensive recodification of bankruptcy law will be an important step, which should result in a set of rules aimed at keeping a business running rather than being sold off in parts, and at ensuring greater protection and participation of creditors in bankruptcy proceedings. Another key to improving the business environment in the Czech Republic is the creation of a highly efficient and productive modern tax administration that places a minimum burden on taxpayers, and makes it easier for them to fulfil their tax liabilities.

At present, it is important for the Czech Republic to tap and develop the existing scientific and technological potential and, in particular, to achieve a high level of innovation capacity. To this end, the Czech Republic will make annual increases in its public expenditure on R&D until 2008. By 2010, public R&D expenditure should be equivalent to 1% of the Czech Republic's GDP. At the same time, there will be a change in the structure of public expenditure on R&D to support targeted rather than institutional funding. To boost R&D support for innovation, there will be an increase in public expenditure channelled specifically into industrial R&D and other areas of innovation. The efficient use and change in the structure of R&D spending will also benefit from the planned transformation of state funded research and development organisations into public research institutions.

Innovation is very much dependent on the private sector and its close cooperation with research institutions. The development of innovation activities relies not only on enough suitable research and development results but also on the existence of a developed innovation infrastructure (science and technology parks, incubator units and technology transfer centres, cluster creation), sufficient available financial resources for innovation firms, and not least enterprising human resources. Measures will be taken to improve innovation firms' access to financing through risk capital and a network of business angels.

To enhance competitiveness and reduce environmental impacts the Czech Republic will promote a reduction in the energy and material demands of the economy through the efficient use of resources and the introduction of new technology with minimum energy and raw-material requirements. Emphasis will be placed on increasing energy efficiency in industrial processes, on the use of renewable energy sources, the use of secondary energy sources in industry, promoting the use of municipal waste for energy production, and the generation of heat from biomass. The Czech Republic will also implement the basic principles of ecological tax reform, which will further restructure the tax levy to encourage behaviour that will have as little burden as possible on the environment.

In the field of transport infrastructure, the Czech Republic plans to continue constructing its basic network of motorways and expressways and modernised railway corridors. The modernisation of other important railway routes will also continue. The share of rail transport in the freight market will be increased, and combined transport will be developed.

For the further development of the information society, the Czech Republic will promote the formation of infrastructure for broadband Internet access interconnected with foreign networks. To support widespread use of ICT in public services, SMEs and households, the active development of information society services (e-Government, e-Procurement, e-Health, e-Learning) is crucial.

As for the **labour market** (the employment part of the programme), reform measures will mainly concentrate on making it more flexible by creating the legislative framework to facilitate flexible labour-law relations, reducing non-wage labour costs, and increasing labour mobility. The Czech Republic will strive to broaden contractual freedom in labour-law relations in order to enable employers and employees to adapt the organisation of work and working hours flexibly to mutual needs, and thus to cope better with competitive pressures.

The high statutory non-wage labour costs will be brought down in order to cultivate more suitable conditions for the employment of an educated and skilled workforce. Ceilings are being prepared for social security contributions as part of the planned reform of sickness insurance. Legislation currently being prepared will set an upper limit for the assessment base used to determine social security (and health insurance) contributions in the calendar year.

The Czech Republic will also promote commuting and relocating for work. Employees will be motivated to commute to work through tax allowances on the part of employers. Another step designed to improve labour market mobility will be the relaxation of the system of regulated rent in

force in the Czech Republic. The aim of the new legislation is to iron out market distortions and fully deregulate rent at the earliest opportunity.

Measures for integration into the labour market will focus primarily on those whose professional career is either just starting or nearing its end.

Education reforms will enhance the quality of the workforce, increase education and training opportunities, and support the ability to cope with the demands of the evolving labour market. The Czech Republic will concentrate not only on increasing the percentage of the population with further and higher (tertiary) education, but also much more on further diversifying the various forms of tertiary education and on making movement between them easier. Emphasis will also be placed on improving the quality of study programmes and on focusing more on opportunities for graduates to put their skills into practice.

Support for cooperation between employers on the one hand and training establishments and professional institutions on the other is also important. This will entail the involvement of employers in the creation of school education and study programmes, the participation of professionals from the relevant sectors in education, arrangements for work experience and the support of student and teacher mobility through practical work placements. The interconnection of the activities of universities, other educational establishments and professional institutions with those of the regions, potential employers and customers for R&D results will generate further funding from the private sphere in particular.

Based on a systematic approach to the promotion of lifelong learning, emphasis will be put on interlinking the system of school and further education by completing the National System of Qualifications. An integral part of the development of the concept of lifelong learning will be the support of continuing education at primary and secondary schools, vocational colleges of further education, and universities, especially in terms of exploiting existing infrastructure and capacities.

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DENMARK

The process

Denmark's Lisbon Strategy activities are coordinated between the relevant ministries, regional and local authorities and appropriate stakeholder organisations in the so-called Lisbon contact committee (see the attachment listing the organisations and institutions represented in the committee). The committee meets to discuss and prepare Denmark's contribution to, among other things, the European Council spring summits, where the Lisbon Strategy is on the agenda. The contact committee was thus also involved in drawing up Denmark's national reform programme. To manage work on the reform programme, a drafting group was set up, drawn from the Finance Ministry, the Employment Ministry, the Ministry of Economic and Business Affairs and the Foreign Ministry. The first drafts of the various chapters were drawn up in the relevant ministries. The drafting group brought these submissions together, synthesising them into a structured text which was sent to the Lisbon contact committee for consideration. The committee discussed the draft and made both oral and written comments on the text. On the basis of that, the drafting group drew up the reform programme, which was then submitted to the Danish Parliament's Europe Committee for consideration. The definitive reform programme was sent to the Commission on 26 October 2005. The reform programme draws special attention to challenges posed by issues such as population ageing, training standards, increased productivity and the public sector. Before the upcoming spring summit in March 2006, the Lisbon contact committee will be asked to help prepare Denmark's contribution to the summit's assessment of the national reform programmes and the relaunched Lisbon Strategy.

Main points

The Danish reform programme covers six subject areas, which are considered to be of particular relevance to the Danish reform strategy. For each subject area, the specific Danish situation is examined, together with the main challenges that are being – or will be – tackled as a part of the Danish reform agenda:

1. **The economic framework:** Denmark has consolidated public finances over a number of years, and the public debt has therefore been considerably reduced. At the same time, a surplus in the balance of payments has brought with it a sizeable reduction in the external debt. Unemployment is low, employment high. The economic policy pursued – particularly the financial, structural and fixed-exchange rate policy – has contributed to the favourable development. This strengthens the basis for meeting the challenges arising from the fact that there are more older people and fewer in the traditional working age group. The main challenges in the coming years will be to stick to the sustainable line being pursued in financial policy. Among other things, this requires: 1) that there be a lasting increase – of some 50 000 to 60 000 – in employment by 2010, corresponding to an improvement in public finances amounting to 1% of GDP; 2) that growth in public expenditure remains moderate – real growth should be 0.5% per year from 2005 to 2010. The aim is to

maintain structural surplus at an average of 0.5-1.5% of GDP up to 2010, thereby further cutting the public debt.

2. **Denmark as a knowledge society:** To train the focus on Denmark as a knowledge society, a separate ministry was set up in 2001 with responsibility for science, technology and development. From 2001 to the present day, a series of comprehensive reforms have been set in motion, both of the advisory structure in the research sector and of management functions at universities and the other research institutes. The aim has been to encourage quality in research, not least through increased competition for research grants. In addition, a globalisation council has been set up to focus specifically on the knowledge sector. The main challenges in the coming years are: 1) to secure higher private investment in research and development and better interaction with public research; 2) to double the number of PhDs; 3) to improve basic education, among other things through enhanced assessment and quality development; 4) to encourage more young people to take part in youth training and subsequently to enter further education; 5) to ensure continued improvements in the overall environment for innovation and entrepreneurship; 6) to allocate DKK 10 billion for the period up to 2010 for greater efforts in the fields of research, innovation, entrepreneurship and training.
3. **Effective competition and the single market:** Competition has improved in recent years in Denmark. The number of sectors experiencing difficulties in this area has dropped by 17% since 2001, and regulation has been cut. That said, net prices in Denmark remain around 5% higher than in other EU countries. Competition law is constantly being amended to promote competition as effectively as possible. An interministerial working group has considered which areas are subject to unnecessary regulation and where, therefore, there is the potential to cut red tape. The main challenges in the coming years are: 1) to continue to boost competition so as to halve, by 2010, the number of sectors experiencing difficulties in this area, and to bring Denmark's net prices more closely into line with those in other countries; 2) to meet the target of cutting administrative costs for businesses year on year, with the aim, by 2010, of reducing them by 25% from 2001 levels; 3) to continue to ensure implementation of the single market directives; 4) in cooperation with Germany, to start work on establishing a fixed link across the Femern Belt.
4. **Sustainability, the environment and energy:** Denmark has come a long way in improving environmental protection – with attendant benefits for health, consumer protection and nature conservation. In key areas, the trend whereby increased environmental pressures have been a corollary of economic growth appears to have been broken (e.g. in the fields of energy, waste and water), but there are still a range of environmental problems that require special attention. The main challenges in the coming years are: 1) to ensure that continued economic growth goes hand in hand with a high level of environmental protection; 2) to continue to promote effective solutions to environmental problems, particularly in relation to the climate, air pollution, chemicals, protection of water resources and better nature conservation; the development of eco-efficient technology helps to achieve this; 3) to reduce CO₂ emissions by 21% by 2010 from 1990 levels (cf. the EU's burden-sharing agreement to meet the requirements of the Kyoto protocol).

5. **Danish employment policy:** The Danish labour market has a good starting point. Denmark's employment rate is already well above the joint EU target, not least as a result of the high numbers of women on the labour market. Danish structural unemployment is also relatively low, reflecting, among other things, the Danish model of flexicurity, with flexible hiring and firing rules, a well-developed unemployment benefit system and an active labour market policy based on strict availability rules, retraining etc. Comprehensive reforms have been introduced, relating in particular to trends in structural unemployment and moves to maintain a labour market presence for people with an impaired ability to work. The main challenges in the coming years are as follows: 1) Structural employment must be increased by a further 50 000-60 000 by 2010 to counter demographic trends. In particular, action must continue to be taken to encourage people to join the labour market earlier and to stay on it longer, and to ensure implementation of the integration agreement in a bid, among other things, to increase employment rates among immigrants and their descendants. 2) It is essential to press ahead with moves to make workers and businesses more adaptable, among other things by boosting adult and further education, in order to secure the benefits this brings and to meet challenges thrown up by globalisation and technological development.

6. **Continued improvements in the public sector:** Over the past few years, the focus has been on improving services for the public and for businesses, and on boosting efficiency, not least by providing freedom of choice. There has been structural reform (local government reform), with major shifts both in geographical terms and in the division of responsibilities. The main challenges in the coming years are: 1) to implement the structural reform; 2) to continue to expand people's freedom to choose among different service providers and to improve the application of this provision in practice; 3) to implement the government's modernisation programme, including the new target-led and outcome-based approach to government.

As part of the Danish reform strategy, two bodies have also been set up, tasked in particular with analysing how Denmark is meeting the social and economic challenges it faces, and with working out specific initiatives in that field. These bodies are the welfare commission, which is made up of independent experts, and the globalisation council which comprises a broad range of trade union and industry representatives, educationalists and researchers, headed by the prime minister. The welfare commission published its report on 7 December 2005, while the findings of the globalisation council are due out early in 2006. These studies and proposed initiatives will be taken into consideration in cooperation on continued reform between the government and the Danish Parliament.

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Members of the Lisbon contact committee

Danish Confederation of Professional Associations (*Akademikernes Centralorganisation*)
Economic Council of the Labour Movement (*Arbejderbevægelsens Erhvervsråd*)
Danish Regions (*Amtsrådsforeningen*)
Confederation of Danish Employers (*Dansk Arbejdsgiverforening*)
Danish Commerce and Services (*Dansk Handel og Service*)
Confederation of Danish Industries (*Dansk Industri*)
Trade Association of IT, Telecommunications, Electronics and Communication Enterprises (*ITEK*)
Union of Danish Metalworkers (*Dansk Metal*)
Danish Youth Council (*Dansk Ungdoms fællesråd*)
Danish Council of Organisations of Disabled People (*De Samvirkende Invalideorganisationer*)
The Ecological Council (*Det Økologiske Råd*)
Danish Society for Nature Conservation (*Danmarks Naturfredningsforening*)
Confederation of Salaried Employees and Civil Servants in Denmark (*Funktionærernes og Tjenestemændenes Fællesråd*)
Greenpeace
Union of Commercial and Clerical Employees in Denmark (*Handels- og Kontorfunktionærernes Forbund*)
Danish Chamber of Commerce (*HTS – Handel, Transport og Serviceerhvervene*)
Danish Federation of Small and Medium-Sized Enterprises (*Håndværksrådet*)
Danish IT Industry Association (*IT-Brancheorganisationen*)
Local Government Denmark (*Kommunernes Landsforening*)
National Union of Female Workers (*Kvindeligt Arbejderforbund*)
Danish Agricultural Council (*Landbrugsrådet*)
Danish Confederation of Trade Unions (*Landsorganisationen i Danmark*)
Danish Association of Managers and Executives (*Ledernes Hovedorganisation*)
Danish Food and Allied Workers' Union (*Nærings- og Nydelsesmiddelarbejder Forbundet*)
The Nordic Association (*NORDEN*)
Novo Nordisk
Danish Confederation of Employers' Associations in Agriculture (*Sammenslutningen af Landbrugets Arbejdsgiverforening*)
General Workers' Union in Denmark (*Specialarbejderforbundet i Danmark*)
WWF Denmark

Ministry of Employment
Ministry of Finance
Ministry of Food
Ministry of the Interior and Health
Ministry for Integration
Ministry of Justice
Ministry of the Environment

Ministry of Family and Consumer Affairs
Ministry of Science, Technology and Innovation
Ministry of Taxation
Ministry of Social Affairs
Prime Minister's Office
Ministry of Transport and Energy
Ministry of Foreign Affairs
Ministry of Education
Ministry of Economic and Business Affairs

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GERMANY

In the FRG a new federal government was formed after the Bundestag elections on 18 October 2005. It is a grand coalition of the CDU/CSU and SPD parliamentary parties.

The inaugural declaration announces that the extensive reforms which have already been begun in the fields of economic and financial policy, labour market and social policy, education and training, research and science, innovation and technology are to be continued with greater vigour.

The German Federal Government intends in this way to strengthen the competitiveness of the economy on global markets, to extend social security schemes for the working population and those no longer at work and to provide equality of opportunity for all citizens.

The Federal Government has the firm intention to reduce the present high unemployment and the large public deficit, to comply once again with the Stability and Growth Pact (Maastricht) and to support the objectives of the Lisbon Strategy.

In Germany there is no "Economic and Social Council" on the lines of the French one, for example, which is about 50 years old. However, for more than 100 years Germany has had a large number of organisations, chambers and associations of employers and trade unions, industry, trade and crafts, agriculture, independent professions, banks, insurance companies and transport services, in nearly all fields of the economy and society, in both private and public sectors, at federal, state, city and municipality level.

Moreover, non-governmental organisations (NGOs) exist in nearly all fields of civil society. They are partly represented in the EESC by appointed representatives. However, the EESC is limited to a certain number of members, so that representatives of youth, sports and cultural (art, music, theatre) organisations are lacking. There is no leading organisation for non-governmental organisations in Germany.

The Lisbon Strategy has been discussed over the last five years at federal and regional government level and in the committees of the Bundesrat (federal senate). Economic and social organisations (e.g. those of the social partners) have expressed their views on the demanding Lisbon objectives at their meetings and public events, and have been very critical of some of them. It is difficult to detect a strongly positive attitude to them.

Diploma and dissertation assignments on "Lisbon" have been entrusted to universities and colleges. Academic institutes in Germany have thoroughly researched the Lisbon Strategy and published studies on it.

In political and related circles, e.g. in foundations, the Lisbon Strategy has been an important subject of work and discussion at many conferences, public and private events in the five years since it was announced.

Conclusion: Despite great efforts on the part of many people in Germany at events organised by the social partners and the NGOs, the Lisbon Strategy has not percolated in a "top-down" way from the governments and the parliaments.

The concept is too ambiguous and difficult to communicate. (Schoolboy question: Has it got something to do with football?). It has not caught on.

It is urgently necessary to improve communication about this still important work in every possible way through all the media, since the objective of a greater Europe decided by the European Council in Lisbon on 23-24 March 2000 remains as worthwhile as ever.

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ESTONIA

1. State of play, needs and future priorities

The Estonian Government adopted the Action Plan for Growth and Jobs 2005-2007 for implementation of the Lisbon Strategy on 13 October 2005. This document constitutes a three-year national reform programme (NRP) for Estonia, outlining the Estonian Government's main priorities for the period 2005-2007. The plan is divided into three chapters, focussing on macro- and micro-economic and employment policies.

Macroeconomic policies

The plan emphasises the importance of ensuring a **stable macroeconomic environment** and the **long-term sustainability of fiscal policy** in order to achieve economic growth and create jobs.

The main principles underpinning the stability of macroeconomic environment are maintaining a balanced government budget and strengthening the financial position of local authorities. Ensuring stability also involves managing the risks affecting balanced economic development, namely reducing the current account deficit and controlling the increase in credit growth. The goal set is to fulfil the criteria for full membership of the European Economic and Monetary Union and introduction of the euro. To this end, current conservative economic and budgetary policies will remain in place.

Another priority is the long-term fiscal sustainability of the pension and health insurance systems. The goal set is to guarantee an adequate pension in old age and financial security in case of health risks due to changing demographic circumstances.

Creating a fiscal policy that contributes to economic growth and increased employment involves, on the one hand, shifting the tax burden from income taxation to taxation of the use of natural resources and pollution of the environment, and on the other hand, increasing and streamlining the allocation of budgetary resources to activities supporting growth and employment, such as education (especially vocational training), R&D, active labour market measures and relevant infrastructures.

Microeconomic policies

The overall objective of the microeconomic policies is to create a knowledge-based and sustainable business environment. The policies focus on two areas: firstly, **quality of R&D, innovation** and long-term international **competitiveness** and secondly, the creation of a **favourable entrepreneurial environment**.

R&D is playing a major role in boosting Estonia's international competitiveness and creating an attractive environment for knowledge intensive foreign direct investments. The quality of R&D would

be improved by increasing the relatively modest current R&D investments. Moreover, investments would be accompanied by an increased absorption capacity and a strong link would be established between R&D activities and Estonia's socio-economic objectives.

Various concrete actions, such as providing adequate information on different aspects of entrepreneurship, sharing best practices and ensuring access to capital and counselling for start-up companies, will stimulate present low entrepreneurial activity.

As clearly identified in the NRP, a crucial aspect of promoting entrepreneurship is the development of a favourable legislative framework. Hence, a system for analysing and evaluating the regulatory impact of new draft legislation affecting entrepreneurship and for measuring the associated administrative burden will be established. Moreover, current legislation affecting entrepreneurship will also be reviewed and simplified.

Other key elements for creating a sound business environment highlighted in the reform programme are the development of infrastructure (including both transportation and internet connections) and strengthening of the synergy between environmental protection and economic growth.

Employment policies

With regard to Estonian employment policy, the action plan sets out three main priorities: improving the **quality of the labour force**, **increasing labour supply** and labour market **flexibility** and modernising labour relations.

To increase the quality of the labour force, the plan focuses on the quality, flexibility and effectiveness of education. Special attention is also given to vocational training. The overall objective is to create a strong link between the education system and labour market demands. One of the main priorities is also to maintain and update the skills and qualifications of those already in the labour market. This would be achieved by developing supplementary training and counselling systems in line with the principles of lifelong learning.

The objective of increasing labour supply focuses on active labour market measures and supplementary social measures. Active measures strengthening and diversifying the labour market, supported by an adequate system of social services and benefits, is seen as the most viable solution to current the problem of structural unemployment. Reforming the PES and ALMP (above all introducing a case management system and an individual approach) are the key elements of changes currently being undertaken in labour market policy. More generally, to reduce the predicted decline in the labour supply, various measures are being undertaken to improve the working conditions, so as to keep the existing labour force in employment. The availability of preventative health services, the promotion of a healthy lifestyle and living environment, as well as the prevention of accidents in the work place are some examples of crucial measures supporting active ageing and maintaining workers' ability to remain in employment.

Increasing the flexibility of the labour market and modernising of labour relations constitute another major challenge ahead. To this end, a so-called *flexicurity* approach to the labour market is suggested in the NRP. In recent years, important progress has been made in Estonia in improving the security of workers; the successful implementation of the system of unemployment insurance benefits has significantly increased the social security of workers in case of job loss. However, increasing the flexibility of labour legislation has not been equally successful. Therefore, the reform programme focuses on reviewing the high redundancy costs for employers, setting out regulations for temporary work and promoting flexible forms of work.

2. The role of economic and social players in implementation of the Lisbon Strategy

In Estonia, the main coordinating authority for the Lisbon process - including the drawing up of the National Reform Programme - is the State Chancellery. The NRP was drafted in close cooperation with the relevant ministries, social partners, civil society organisations and experts, who were involved in the process from the very beginning.

Working group on the NRP

The State Chancellery established a working group to coordinate the NRP, which included representatives of the relevant ministries, state institutions, social partners and other civil society organisations. Organisations involved include: Confederation of Estonian Trade Unions, Estonian Employees' Unions' Confederation, Estonian Employers' Confederation, Estonian Chamber of Commerce, Association of Estonian Cities, Association of Municipalities of Estonia, Estonian Council of Environmental NGOs and Estonian Federation of Non-Profit Organisations and Foundations. Experts from universities and research institutions were also involved.

For greater flexibility within the working process and to focus on topic areas more closely, the working group was divided into three sector-specific sub-working groups, coordinated by the Ministry of Finance, the Ministry of Economic Affairs and Communications and the Ministry of Social Affairs, each responsible for drawing up the chapters on macro- and micro- economics and employment respectively. Each of the sub-groups also included relevant social partners and civil society organisations. Members of the working group were able to make contributions to the Action Plan at meetings of the working group and sub-working groups or by submitting proposals in electronic and/or written form. To this end, versions of the draft NRP were regularly forwarded to members of the working group. The entire working group met twice – at the start and end of the drafting process. Additional meetings were held in sub-groups to discuss the content and structure of the reform programme as well as any comments and opinions received. The Government also launched a public debate by making the Action Plan available on the “Today I Decide” internet portal. The results of the debates and the proposals made by ministries and social partners were considered and, if possible, taken into account.

As to further implementation of the reform programme, the Government has assigned the Secretary of State to coordinate the monitoring, evaluation and implementation of the Action Plan. The Secretary

of State also has to submit regular implementation reports to the Government and ensure that the Government's Annual Action Plan and the ministries' annual work plans are consistent with the reform programme. The inter-ministerial working group formed to draw up the Action Plan is continuing its work in order to ensure the implementation and updating of the action plan, as well as to report and evaluate the outcome of the process. The specific tasks of the working group will be decided upon in cooperation with the ministries and Secretary of State.

Estonian ESC involvement

The process of drawing up the action plan pointed, *inter alia*, to the need to specify the status and functions of the Estonian ESC, especially in view of the fact that the Estonian ESC as an institution was not involved in the discussions concerning the NRP. Yet, according to its statute, the Estonian ESC is the only permanent advisory body to the Government and was indeed founded to support tripartite dialogue. In practice, however, the Government has not been actively delegating issues to the Estonian ESC, but has instead left it to the ESC to initiate discussions. The Estonian ESC's initiatives and proposals have not always been in line with the Government's list of priorities and have thus had only a minor impact. Therefore, whilst fully recognising the importance of such consultative bodies, the Ministry of Social Affairs has initiated discussions on the functioning mechanism of the Estonian ESC and the simplification of tripartite consultation mechanisms in general, in order to increase their impact and effectiveness.

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GREECE

Greece's score on the indicators used to assess whether it is achieving the Lisbon objectives is worse than that of any other EU-15 country. The rapid growth of the Greek economy over the past few years has been based almost entirely either on situations that have passed (e.g. preparations for the Olympic Games) or on factors whose contribution to the country's economic development is gradually diminishing (e.g. Structural Fund aid, which is expected to be reduced in the fourth programming period). Productive activity in Greece does not yet seem to be "taking off", while economic competitiveness is declining, even in the goods and services sectors, where the country is acknowledged to enjoy competitive advantages.

The employment market continues to be characterised by slow job growth, long-term high unemployment and extensive undeclared work. Despite the range of measures taken to boost employment, the jobless rate remains above the EU average: the number of long-term unemployed is increasing, women's participation in the labour market is still low, and youth unemployment is high.

Thus the question for Greece's economy, at both national and regional level, seems to be what conditions will allow effective use of infrastructure, transform potential into productive reality, and tap unutilised social resources. These conditions must be established through physical and functional completion of existing "hard" infrastructure, and especially through "soft" infrastructure and structural reform, which will be based on knowledge, innovation and modern communication and information technologies.

By their very nature, the Lisbon objectives necessitate reform that will underpin the social dimension as the driving force of productivity and development, and social dialogue and social cooperation as a major aspect of the whole process.

Consensus among the social partners on a large number of measures and policies that will further these goals shows that Greece's social interest groups want progress and are finding common ground for promoting it, even while maintaining their different approaches, which are perfectly natural and expected in many other policy areas. By way of indication, in accordance with the common positions reached by the social partners, the required reform must aim to:

- encourage entrepreneurship as the basis for producing wealth and welfare;
- ensure social cohesion, both as an end in itself and as a prerequisite for a smooth development process;
- develop flexible and effective public administration at all territorial levels, a public administration that will facilitate reform, while continuing to target social cohesion and equilibrium;
- improve education and training so as to provide services that meet the needs of the information society and economy;
- relate the results of research to the needs of both the regional and national economy;

- cultivate a spirit of enquiry, creativity and exploitation of original ideas and innovation;
- balance the relationship between the environment and production;
- reconcile the economic dimension in each region of the country with the need to protect, promote and, as far as is sensible, exploit physical and cultural resources.

Creating a competitive economy characterised by continuity and a social dimension calls for cooperation and complementarity between all policies. It also calls for systematic and consistent monitoring of institutional developments and their impact on economic competitiveness, the quality of the environment, upskilling of human resources and social cohesion.

The Greek Economic and Social Council believes that a particularly important part of its brief is to systematically monitor developments taking place in the Greek economy in pursuit of the Lisbon objectives. To help achieve this, the Economic and Social Council has set up the Lisbon Strategy Observatory, which is part of its general activities. Cooperation with expert bodies (Employment Institute/General Confederation of Greek Workers, Institute for Economic and Industrial Studies, Panhellenic Confederation of United Agricultural Associations) and with the scientific expertise of the social partners is a basic prerequisite for the success of the whole undertaking because it will ensure the technical skills, scientific support and constructive dialogue needed for this initiative.

The work of the Observatory focuses on:

- a) monitoring and evaluation of national policies designed to improve competitiveness, the quality of human resources and employment (quality and number of jobs);
- b) monitoring and evaluating progress made with implementing the objectives, and the impact on competitiveness, human resources and employment of the various measures carried out under the above-mentioned policies;
- c) identifying delays and deficiencies, and formulating specific proposals for improvement;
- d) drawing up regular reports on trends in the indicators of Lisbon Strategy implementation.

So far the Observatory has published three own-initiative opinions: a) on competitiveness and employment, b) on the Report from the High-Level Group chaired by Wim Kok, and c) on priority sectors for the 2005 mid-term review of the Lisbon Strategy. It has also issued an opinion on the national framework of reform for 2005-2008 in relation to the Lisbon Strategy. During the preparatory phase of the national reform framework the social partners presented concrete policy measures to the government's Council of Experts on the subject of realising the Lisbon objectives. With a view to mobilising the social partners and to actively engaging civil society in the Lisbon Strategy, the Observatory organised a meeting in October 2005 entitled "The Lisbon Strategy: necessity or choice?" Finally, the Observatory is currently in the process of monitoring the impact of government measures on the goals of competitiveness, employment and social cohesion.

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SPAIN

1. Application of the Lisbon Strategy in Spain

Assessment of the Lisbon Strategy in Spain shows that clear progress is being made in some areas, such as certain employment indicators which are approaching the EU average, or catching up with better performing countries. However, progress was not sufficient to achieve the midterm objectives in 2005. Moreover, in other areas, there have not been any favourable developments as such, and some indicators are even worse than they were in 1999, at the outset.

These results have revealed a clear need to further reform policies in order to remedy Spain's main failings in innovation and development, education and training, productivity, inclusion policy, sustainable development, etc., in a context that will enhance the sustainability of the growth recorded in the last decade and boost job creation. The **attached table** shows the progress Spain has made in implementing the Lisbon Strategy, including current indicators and the main objectives and initiatives of the National Reform Programme.

2. The role of organised civil society and good practices

When discussing the application of the Lisbon Strategy in Spain, it is important to consider the social dialogue process that has been developed in recent years. Key agreements have been signed by the most representative Spanish trade union and employers' organisations in order to gear collective bargaining towards competitiveness and employment. This has helped boost the economy by ensuring better resistance to slowdowns and pay cuts, and maintaining and creating jobs (*Acuerdo Interconfederal para la Negociación Colectiva* – Interconfederal agreement for collective bargaining – 2002, 2003, 2004 and 2005). The most recent of these agreements sets down criteria to control inflation, build employment, increase productive investment and improve the purchasing power of employees and the situation of businesses. It also includes criteria for job stability and further training, and the improvement of skills and qualifications. The signatory organisations have extended the duration of this agreement to 2006.

2004 marked the beginning of a new phase in social dialogue: the government and most representative trade union and employers' associations signed the Declaration for social dialogue 2004: competitiveness, stable employment and social cohesion, which set goals and commitments for greater economic growth, corporate competitiveness, more and better jobs, and the improvement of labour relations and social protection. In this context, various negotiations were begun in an attempt to reach agreements for labour market reform, social protection and further training for people in employment, better prevention of occupational risks and the creation of a care system for dependent people.

The relaunch of the Lisbon Strategy in Spain therefore coincides with an open process of social dialogue that could significantly affect reforms relating to EU objectives. In tandem with this process, the social partners have been consulted on the National Reform Programme.

Meanwhile, the most representative trade union and employers' organisations and bodies representing the fishing and farming sectors, consumers and users have been actively involved in monitoring and implementing the Lisbon Strategy via their participation in the Economic and Social Council, whose consultative activities have focused strongly on the Lisbon objectives in recent years. The assessments and proposals in the council's various opinions and reports – particularly the annual report on the socio-economic and labour situation of Spain – have highlighted the challenges and progress made towards the Lisbon objectives. Some key documents in this field are:

- ESC report 1/2002, on the Discussion paper on the Spanish sustainable development strategy
- ESC report 9/2003, on the Fifth national plan for research, development and innovation
- ESC report 1/2005, on Occupational imbalances and active employment policies
- ESC report 4/2005, on Spain's draft third national action plan for social inclusion 2005-2006
- ESC report 5/2005, on The process of job creation and dynamism in business

The contribution of trade union and employers' organisations to the Lisbon process is clearly illustrated in the area of further training for workers. In 1992, on the basis of social dialogue, the social partners set up a **system for developing further training** for those in employment, based on a joint management model which was supported by the public authorities. This system has been instrumental in active employment policies, ensuring further training and making it easier for workers to adapt to production changes, and enabling around one and a half million workers and a hundred thousand companies to benefit from training measures. It is managed by the **tripartite foundation for training in the workplace** (*Fundación tripartita para la Formación en el Empleo* - www.fundaciontripartita.org/ft.jsp).

Other players are also involved in initiatives geared towards the Lisbon objectives. One example is particularly striking due to its important role in Spain's social economy: the work being carried out by social economy organisations in fields relating to inclusion and social cohesion policy.

PROGRESS INDICATORS, OBJECTIVES AND INSTRUMENTS OF THE NRP

FIELDS	ASSESSMENT	NATIONAL REFORM PROGRAMME	
		OBJECTIVES	KEY MEASURES
ECONOMIC CONTEXT	Phase of economic expansion, with GDP growth above the EU average (1999-2004). Inflation growth in the medium term (variance of 1.3 points in relation to European average); downturn in foreign sector due to low export competitiveness; deficit in labour productivity (stuck at 1990 level).	<p>Main objective: per capita GDP convergence with EU by 2010.</p> <p>Reduction of public debt to 34% of GDP</p> <p>Improve Spain's position in competitiveness indicators, converging with EU average.</p>	<p>Reform of budgetary stability laws, establishing the principle of stability throughout the economic cycle, and requiring a surplus to be achieved during high-growth years.</p> <p>Income tax and corporate tax reforms.</p> <p>Reform of financing system for Autonomous Communities in order to boost self-sufficiency, autonomy and equity.</p> <p>Measures to promote sustainability of pension system and streamline health expenditure (strategic plan for pharmaceutical policy)</p>
EMPLOYMENT	<p>Growth in employment indicators: total employment rate: 61.1%; female employment rate: 48.3%; employment rate for workers over 55: 41.3%, all refer to 2004.</p> <p>Employment growth below Lisbon 2005 target and below EU average; high level of temporary work (32.4% in 2004); high rates of unemployment among women (15%) and young people (22%).</p>	<p>Main objective: attain total employment rate of 66% by 2010, approaching EU objective.</p> <p>Increase female employment rate to EU-15 average (57%).</p> <p>Reduce youth unemployment rate to UE-25 average (18.6%).</p> <p>Reduce occupational accident rate to 15%.</p> <p>Increase start-up rate for businesses with more than one employee (by 25%).</p>	<p>Measures to increase youth employment, concerning system of subsidies for stable employment, and proposed training, retraining or employment for all unemployed young people within six months.</p> <p>Measures to increase the female employment rate and reduce discrimination, concerning system of subsidies for stable employment, reserving 60% of affirmative action measures for women.</p> <p>Measures to support the extension of working life.</p> <p>Reform of vocational training model to favour lifelong learning: creation of new vocational training subsystem for employment, incorporating occupational training (unemployed) and further training (employed).</p> <p>Modernisation of public employment services.</p> <p>Business promotion plan.</p>
ENVIRONMENT	Development of key indicators not favourable: in 2003, Spain had highest level of greenhouse gas emissions in EU-25; energy intensity of economy continues to increase; country has fourth-highest volume of road haulage.	<p>Incorporate cross-functional objective to increase energy efficiency and reduce CO₂ emissions from 40% to 24% by 2010.</p> <p>Continue to strengthen social and territorial cohesion, transport system efficiency, streamline water use and improve the environmental aspect and quality of resources.</p>	<p>Strategic infrastructure and transport plan: ensure that the transport system contributes to environmental sustainability.</p> <p>Includes measures to increase railway network coverage to 35 km for every 1000 square km; improve intermodality of transport for people and goods.</p> <p>AGUA (<i>Actuaciones para la Gestión y Utilización del Agua</i> - actions for water management and use) programme aims to improve management and use of water resources, working towards greater territorial cohesion.</p> <p>Includes measures to optimise hydraulic infrastructure and improve reuse, treatment and desalination of water.</p>

FIELDS	ASSESSMENT	NATIONAL REFORM PROGRAMME	
		OBJECTIVES	KEY MEASURES
R+D, EDUCATION AND INFORMATION SOCIETY	<p>R+D: Investment in 2003 around 1.1% of GDP, half EU-25 average and a long way from the Lisbon 2010 objective (3% GDP). Insufficient growth between 1998-2003, due to lag in R+D investment in public and private sectors.</p> <p>Education: results below EU-25 average at five reference levels, particularly the rate of young people educated to above secondary level (61.8% in 2004, 3.4 points less than in 1999, which diverges from the EU average where a 1.9 point increase was recorded over the same period); high rate of early school leavers (31.1%); low participation in continuing education (5.1%).</p> <p>Information society: relatively low levels for some indicators (ICT expenditure – 1.7% of PIB; Internet access in households - 34%, compared to EU-25 average of 43% in 2004).</p>	<p>Double R+D investment (2% of GDP in 2010).</p> <p>Halve the rate of early school leavers (20% by 2008, 15% by 2010).</p> <p>Converge with Europe as regards the information society.</p>	<p>Readjust public spending to favour productive investment in physical, technical and human resources.</p> <p>R+D. 5th national R+D+I plan 2004-2007, strategic plank of research and development strategy, aims to increase spending on R+D+I, particularly in the public sector.</p> <p><i>Ingenio 2010</i> programme aims to bring main indicators into line with Europe, using various instruments:</p> <p>CENIT (<i>Consortios Estratégicos Nacionales en Investigación Técnica</i> - strategic national technological research consortiums) programme: defines mechanisms to promote public-private cooperation via strategic national technological research consortiums, creation of a fund of funds to encourage creation of new technology firms, and the Torres Quevedo programme which promotes recruitment of doctors and technology experts.</p> <p>Consolider programme: aims to increase excellence in research.</p> <p>Education. Measures to improve education at all levels, increase education quality and reduce failure in school.</p> <p>Measures to increase efficient use of education resources, such as the programmes for reinforcement, guidance and support at compulsory education levels.</p> <p>Organic education bill currently going through parliament.</p> <p>Development of legislation for Spanish convergence with the European Higher Education Area</p> <p>Creation of a network of integrated vocational training centres</p> <p>Information society: Avanz@ plan: aims to reach European levels for all information society indicators.</p>

<p>SOCIAL COHESION</p>	<p>Favourable development of long-term unemployment rate (3.5% of active population in 2004, compared to 4% in EU-25), although still insufficient for women (5.3% in 2004, compared to 4.6% in EU-25). Employment indicators still show strong regional imbalance, although the regional employment scatter coefficient has been on the decrease since 1999. Spain has one of the highest numbers of people at risk from poverty (19% in 2004, unchanged since 1999);</p>	<p>Reduce long-term unemployment. Favour socio-occupational integration of people with disabilities and groups at risk from social exclusion. Strengthen mechanisms for redistribution of income within the social security system.</p>	<p>Specific training measures for long-term unemployed. Measures aimed at occupational integration of people with disabilities and other people or groups at risk or suffering from social exclusion. Programmes to fight poverty within the national social inclusion plans. Bill on individual autonomy and care for dependent persons.</p>
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FRANCE

The Economic and Social Council of the French Republic (ESC) welcomes the establishment of the interactive network between the European Economic and Social Committee (EESC) and the National Economic and Social Councils. With a view to drafting this short contribution, the French ESC adopted two opinions and a communication¹, which follow on directly from its existing work. It also held a number of hearings, including a hearing with the European Commissioner responsible for the follow-up of the Lisbon Strategy, Ms Maria João Rodrigues.

1. From the implementation of the Lisbon objectives to the national reform programme (NRP)

The ESC notes the relative failure of the Lisbon Strategy. It has reservations, from methodological as well as other points of view, in regard to the restricted list of **Lisbon indicators**² and the significance of the rankings. Taken overall, since the launch of the process, progress has been limited in most of the EU15 countries. Nonetheless, the ESC notes that, in relation to the EU25 average, France:

- was, until 2001, in a relatively favourable position with regard to the indicators on the economic situation and innovation. Since then, however, the country has lost ground;
- has made progress on environmental issues;
- has continuously had mixed results with regard to integration of markets and economic reform, which are still within the remit of the state authorities;
- conversely, with regard to cohesion and employment rates, the indicators put France at the EU average, which is below the overall norm.

The key terms in the Lisbon Strategy are "*knowledge economy*" as the main source of competitiveness, "*sustainable economic growth*", "*more and better jobs*" and "*greater social cohesion*".

In this context, our assembly stresses the need to maintain the economic, social and environmental balance of the initial Lisbon process rather than concentrating on economic competitiveness alone. Accordingly, economic policies must influence every component of GDP, in order to ensure social cohesion within the EU. More specifically, the desired increase in employment rates for the various age groups must take account of the quality of the jobs created (including status, length of employment and pay conditions). The ESC considers that growing inequalities in income and wealth, jobs with eroded social rights, high levels of unemployment and the failure to foresee the consequences of changes of all kinds are leading to whole sections of the population being made vulnerable and will ultimately cloud economic growth with uncertainty.

¹ *The knowledge society in the context of the Lisbon Strategy* (Mr Hubert Bouchet, rapporteur), of 26 October 2005; *Economic policies in the service of the Lisbon Strategy* (Mr Henri Feltz, rapporteur) of 26 October 2005; *The ESC's Contribution to the European Youth Pact* (Ms Elisabeth Morin, coordinator) of 29 September 2005.

² *The situation of France with regard to the Lisbon indicators* (Ms Evelyne Pichenot, rapporteur) of 22 February 2005.

The fact that there is currently no coordination in drawing up fiscal and social competition strategies only serves to worsen a stagnating situation.

Real cooperation on **economic policy** within the European Union is vital if the Lisbon objectives are to be met in ways that correspond to the aspirations of each country's citizens. In this context, three key questions connected with the issue of economic governance in Europe deserve the greatest possible attention:

- the application of a stability and growth pact, bearing in mind that the success of the reform has yet to be demonstrated;
- the Union budget, which merits a responsible approach, in order to create the financial conditions for achieving European integration;
- monetary policy in the Euro zone, which needs to take greater account of the need to stimulate growth and create jobs.

More generally, our assembly feels that efforts towards coordination, cooperation and joint implementation of projects need to be stepped up, particularly in the area of research and development.

This will lead to new challenges both for the individuals and organisations that are **stakeholders in the knowledge society and economy**. As far as individuals are concerned, everyone needs to be given the possibility to remain open to learning and to enter into a process of life-long acquisition and circulation of knowledge. This state of mind begins in the family and at school (with the acquisition of the basics, the reduction of inequalities and, above all, the development of a thirst for knowledge and emulation).

The concept of remaining open to learning should also apply to organisations, which are all called upon, in their various ways, to facilitate the expression and dissemination of knowledge and networking amongst the players involved.

Europe needs to provide itself with a long-term strategy, commensurate with globalisation, and to create **a dynamic environment combining public policy and infrastructures which can boost the knowledge economy**. This will entail:

- relaunching efforts to boost research, by making it a « *categorical imperative* » both at national and European level, raising financial support to 3% of GDP, making these financial resources exempt from cyclical budgetary regulations and making strategic choices in our areas of excellence;
- developing a European and international network of universities, research bodies, higher education establishments and enterprises;
- developing an industrial strategy and implementing a European policy on innovation and the production of goods and services. More specifically, this will mean supporting the network of

- SMEs (following the example of the SBIR – Small Business Innovation Research) and creating a favourable climate for the creation of new businesses;
- ensuring the spread of information and communication technologies in order to encourage the takeoff of the knowledge society and promote the Commission's « *i-2010* » initiative on a European information society for sustainable growth and employment;
 - approaching the media regarding their educational role in helping to disseminate knowledge and informing the public about what is involved in this, both now and in the future;
 - mobilising in support of training for all individuals at all stages of their lives, notably by promoting measures such as personal leave for training, a personal right to training, the transfer of skills gained through experience and skills assessments, so as to enable everyone to develop both a career structure and the capacity to respond to unplanned changes.

France is undertaking to make these ambitions a reality, by developing competitiveness poles to establish closer links between enterprises, universities and local decision-makers.

In order to mobilise all the various stakeholders in support of the goal of developing the knowledge society and economy, Europe and the Member States will need to define detailed objectives, establish timetables for their achievement, commit the necessary resources and communicate this information clearly to all those involved.

The Spring 2005 Summit launched the **European Youth Pact** with the intention of responding to the challenge of giving young people their rightful place in Europe, not only through education and training, but also through integration into the job market, life-long learning, mobility, and support for housing and family life. This represents a rare opportunity to mobilise at national level to raise young people's awareness of Europe, as a space grounded in respect between people and nations as pillars of a new humanism. The ESC is drawing up proposals on all three of the fields covered by the Youth Pact : employment, integration and social advancement; education, training and mobility; and, for young adults, the reconciliation of working and family life. Through the European Youth Pact, each Member State is called upon to uphold the rightful place of each and every citizen.

2. The need to involve economic and social stakeholders

The Lisbon Strategy must be anchored in national policy. The need for involvement applies first of all to national parliaments and the European Parliament – which have so far been notable by their absence from the process – but also to Economic and Social Councils and civil society organisations.

The macro-economic dialogue initiated by the European Council in Cologne (1999) should be genuinely activated and become the forum for real consultation (deadlines, transparency). This could ensure better coordination of the three inseparable pillars of macro-economic policy (budgetary, monetary, and income/wages), to promote economic growth and people's quality of life.

In line with an opinion of October 2002³, the ESC brings its proposals to the attention of the authorities responsible for preparing the French position at the European spring summits. Since 2003, the main concerns of the ESC have been outlined in an annual communication⁴, which makes it easier for them to be taken into account by the Prime Minister's office.

The approach recommended by the EESC for involving civil society in drawing up the national reform programmes (NRPs) creates interesting possibilities for democratic expression, but the short deadlines set have limited its immediate impact. The consultative body for European and international issues has met, and its comments will be attached to the French NRP. The ESC is to be consulted on this programme. We have expressed our views on the main aspects of the Lisbon Strategy, and we are willing to be involved in monitoring the process and to issue our own assessments. The implementation and future adjustments of the NRP will require regular and detailed consultation in order to involve civil society as required⁵.

ESC members have various views on the Lisbon Strategy. The doubts and fears felt by Europe's citizens demonstrate the need to take their legitimate aspirations into account and to broaden the democratic debate on the Lisbon objectives. The national ESCs of the member states and the EESC have a key role to play in engaging civil society as widely as possible with the Lisbon objectives and in evaluating the strategy. It is essential to improve the clarity and credibility of the strategy, which will help it to be better understood and better supported by the various interest groups.

The regional Economic and Social Councils (RESCs) of continental France and the overseas departments are well placed to bring the debate to grassroots level. Cooperation is being stepped up between the RESCs and the ESC to this end: they have just held their second joint National Convention of Economic and Social Councils, attended by the Prime Minister and the EESC President, to discuss an issue relevant to the EESC, namely *The role of civil society organisations in public decision-making*.

³ *What social powers and which players in the enlarged European Union?* (rapporteur: Evelyne Pichenot).

⁴ *The Lisbon process: communication of the Bureau based on the opinions of the Economic and Social Council in preparation for the 2005 spring summit* (coordinated by Mr Alain Deleu on behalf of the delegation to the European Union, 12 October 2004); *The Lisbon process: communication of the Bureau based on the opinions of the Economic and Social Council in preparation for the 2004 spring summit* (coordinated by Mr Alain Deleu on behalf of the delegation to the European Union, 18 November 2003).

⁵ *After this opinion, the Government officially consulted the Economic and Social Council on the implementation and follow-up of the NRP throughout its period of application, thereby recognising civil society's role with regard to the Lisbon Strategy.*

By being increasingly open to forward-looking debates on social issues, by hosting conferences and working groups on sensitive issues, and by becoming more responsive, the ESC is strengthening its roots in civil society life. It can mobilise, stimulate and broaden the public debate, and learn from it with a view to the common good. This is a firm objective of the Economic and Social Council, because it is important to involve everybody as soon as possible - especially the younger generation - in a joint, national and European effort.

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IRELAND

1. Implementation of the Lisbon strategy at national level

Overview

In terms of the core Lisbon objectives, the Irish economy has performed satisfactorily with buoyant economic and employment growth. In 2005, the employment rate is slightly above the interim Lisbon target of 67 per cent for 2005. The female employment rate in Ireland in 2005 (second quarter) was 58 per cent – 1 per cent above the Lisbon target of 57 per cent.

The public finances in Ireland have been managed in accordance with the Stability and Growth Pact requirement of being close to balance or in surplus. The public finances seem reasonably well positioned in terms of the long term requirements of sustainability. Factors that underpin longer term sustainability include a low debt burden and the accumulation of reserves to meet some of the future costs of pensions.

While Ireland is performing well in terms of the macroeconomic requirements of the Lisbon Strategy, this Strategy poses a number of significant structural challenges for Ireland; key challenges are now discussed.

Structural Challenges

Innovation and the Knowledge Economy: Knowledge intensive enterprises are significant in the Irish economy, to a considerable extent on account of foreign direct investment. Ireland's expenditure on R&D in 2005 (1.6 per cent of GNP) is well below the Lisbon target of 3 per cent of GDP by 2010. There has been a large increase in public expenditure on R&D in Ireland, with a particular focus on research in information and communications technology and biotechnology. The Irish National Economic and Social Council (NESC) has argued that there is now a need to deepen and widen the approach to innovation. This would include strengthening the linkages between research institutions and enterprises in the economy, increasing investment in applied research and putting in place institutional arrangements to undertake fourth level education.

Ensuring an inclusive labour market for job seekers and disadvantage people: Unemployment in Ireland has fallen sharply and the unemployment rate in Ireland is now the lowest in the EU. However, the dependency of the working age population on welfare assistance has not fallen in a corresponding way. There has been a large increase in the numbers claiming one parent family payments as well as disability and illness payments. There have been a number of initiatives to increase labour force participation among disadvantaged groups, but the Irish NESC has called for more radical and thorough going reforms to accelerate progress on this objective.

Lifelong Learning and Training: There have been significant developments in Ireland in this area. These include the development of a National Qualifications Framework, an innovative system of training networks and enhanced support for people in receipt of social welfare payments to return to education. These initiatives need to be built upon so that Ireland develops a truly effective system of adult education and training. The Irish NESC has advocated greater financial assistance to the working population to enable people to invest in education or training with a particular focus on the low skilled and those most at risk of redundancy.

Environmental Sustainability: The quality of Ireland's environment is generally satisfactory but strong economic growth has created considerable pressures on the environment. Ireland's current environmental challenges include: controlling air emissions from transport and energy production, reducing water pollution, achieving a comprehensive system of waste management, implementing sustainable, high-quality, settlements in both urban and rural areas, improving the protection of natural habitats and enhancing access to the natural environment.

2. Role of the social partners

NESC Lisbon Study

The NESC will shortly complete a report on the Lisbon Strategy. The approach adopted was to examine the open method of co-ordination (OMC) and how it has interacted with Ireland's domestic system of social partnership. This study included an examination of the effects of the OMC on two policy areas: training and childcare. Both of these are areas in which Ireland faces substantive policy challenges and which require the adoption of a problem solving approach by government and the social partners. This study examines the extent to which the OMC has helped promote the adoption of a problem solving approach.

National Reform Partnerships

The 2004 Spring Council conclusions called on Member States to build Reform Partnerships involving the social partners, in accordance with national arrangements and traditions. At the April 2004 Plenary meeting, it was agreed that Ireland's social partnership process was the appropriate vehicle to act as the Irish National Reform Partnership. The social partners have been consulted on the Lisbon Review and the preparation of the National Reform Programme.

Immediate Challenge for the Social Partners

The immediate challenge for the Irish Government and the social partners is to negotiate a new national agreement governing wage developments, macroeconomic policy and priorities for structural reform, appropriate to current conditions. Formal negotiations are expected to commence shortly and will, as on previous occasions, be informed by the Irish NESC three-year strategic overview which is being published in early December.

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ITALY

Background

The National Economic and Labour Council (CNEL) considers that it would be useful as a first step to highlight the close relationship between national and European policies to relaunch the Lisbon Strategy and ensure success in the current negotiations on the **Community budget** and the financial perspectives.

There needs to be a clear line on the Community budget and on the financial perspectives, which must be approved as soon as possible: retaining current limits on own resources and ensuring a more balanced distribution between items of expenditure.

Furthermore, unless adequate resources are provided, matching the strategic decision to relaunch the Lisbon Agenda, it will be impossible to implement the Agenda effectively in practice.

The Italian plan (presentation)

On 14 October – within the deadline set by the EU - the Italian government adopted its Plan for Innovation, Growth and Employment (PIGE).

The 24 guidelines adopted at Community level to relaunch the Lisbon Strategy were condensed into five priority objectives, which are to:

- extend freedom of choice for individuals and businesses
- promote scientific research and technical innovation
- improve education and training, as well as extending the benefits of this to society as a whole and to young people in particular
- update material and non-material infrastructure
- protect the environment.

The Plan, to which for the sake of brevity the reader is referred, proposes two types of action:

1. General economic provisions
2. Specific projects that will have an impact on the productivity and competitiveness of the Italian economy

Some assessments

The main organisations representing the social partners – employees and employers – agree on the need to maintain the Lisbon Strategy objectives intact, considering this to be the **only strategy possible for returning growth and employment to the European economy.**

The decision taken during the "mid-term review" to shift the Lisbon Strategy from the European level to the national level, by drawing up "national reform plans" which implement in each Member State the commitments made at Community level, will help to highlight the specific characteristics of each country.

Italy's priority is to consider the need to follow up **industrial development** with measures to support sectors that are struggling – in terms of the size and importance of the companies involved – and in order to raise the quality of production and employment.

Amongst the Lisbon Strategy's general objectives, the social partners emphasise:

1. The importance of **stepping up government action** to support **Research and Development**, ensuring a balance between pure and applied research, generating more private investment and in particular maintaining R&D in areas in which SMEs are most active, because these businesses form the backbone of production in our country.

The process of **introducing new technologies** and **developing knowledge** must also be supported by appropriate tax incentives and a Community framework that promotes networks of cooperation between research, business and public administrations.

2. The need to **develop competition and liberalisation**, thus facilitating the mobility of goods, services and production. In particular, any national legislation that is protectionist and corporatist in nature must be reformed.
3. The **complete** validity and **topical relevance** of certain **agreements concluded** by the social partners, including:
 - a) the 2003 agreement on **development, employment and competitiveness in the national economic system: common priorities for policies on research, training, infrastructure and southern Italy**;
 - b) the joint document entitled *The Project for southern Italy - the main economic and labour market players for the development of southern Italy*, signed in 2004.

Resources

Having defined and presented the PIGE, Italy now has an **obligation to implement it**, which could create political problems as well as **financial uncertainty**.

With regard to the latter point, the CNEL wishes to join the main social partners in stating that some of the **resources envisaged for implementing the projects**, (EUR 13 billion, of which EUR 3 billion will be provided in 2006), **should come from outsourcing and from the sale of State assets**.

Furthermore, the resources earmarked for the plan (around EUR 46 billion) have already been to some extent included in the cash appropriations provided for under the budget until 2005 and in the budget for the three-year period 2006-2008.

These are **overall appropriations for earlier sectoral policies** which discussions with the social partners often deem to be inadequate.

Involving the social partners

There are a **variety of opinions** on this aspect amongst the main social partner organisations in Italy.

Employees' organisations point out that the discussion arrangements – including the number of meetings – at the plan's developmental stage only made it possible to make general observations of principle rather than provide substantive assessments, and **thus constituted an exercise in information and/or consultation rather than any genuine partnership or collaboration**.

The largest employers' organisation (Confindustria), however, has given a **positive assessment of the methods for drawing up the plan, stating that it had genuinely involved the social partners**. Confindustria also considers that many of the ideas put to the government have been taken up and included in the PIGE.

Whilst acknowledging this range of experience and views, the CNEL feels bound to point out that the **Council did not play any part in the Italian plan's preparatory phase**.

A conference to be held at the CNEL on 7 February 2006 will provide an opportunity for discussion with the Minister for Community Policy, whom the Italian government has tasked with monitoring the implementation of the Lisbon policy.

The CNEL thus hopes that the **joint work on the Lisbon Strategy carried out by the EESC and the EU's national ESCs** will result in the economic and social players and civil society in general having a greater role to play.

We consider such a role to be absolutely crucial to the effective implementation of a policy that aims to marry economic growth and social cohesion.

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CYPRUS

1. The implementation of the Lisbon strategy

In Cyprus, a National Lisbon Programme was drawn up in October 2005, in order to achieve the targets set out in the Lisbon Strategy. The programme was drawn up in accordance with the decision of the March 2005 European Council and takes full account of the EU Integrated Package of Guidelines (Broad Economic and Employment Policy Guidelines). The programme clearly sets out the priorities for Cyprus, analyses the current situation for each priority area, identifies the challenges/policy priorities for each area and outlines the policy initiatives or measures that have been, are, need to be or are planned to be adopted for each challenge/policy priority.

We believe that the programme genuinely addresses the main challenges facing Cyprus and, if properly implemented, will help to strengthen Cyprus's economy, improve its competitiveness and create more jobs. At the same time, it will maximise Cyprus's contribution to achieving the Lisbon goals.

The National Lisbon Programme consists of three parts; macro, micro and employment, while an annex presents information concerning the use of the Cohesion and Structural Funds to support the Lisbon objectives. The Key Challenges/Priorities for Cyprus as identified in the programme are: to ensure sustainable public finances, to diversify the economy to encompass higher value-added activities, to promote R&D and innovation and to facilitate the dissemination of ICT, to promote structural reforms aimed at enhancing competition and improving the overall business climate, to expand and upgrade basic infrastructures, to ensure environmental sustainability, to maintain substantial increases in labour supply, to make the labour market more flexible, to further develop human capital and to continue improving conditions for social cohesion.

A top priority for Cyprus is, of course, the need to place and maintain public finances on a sound footing. As everyone knows, the Cyprus pound has since last April been included in ERM II and it is expected that our country will join the Eurozone on 1 January 2008. The need to comply with the Maastricht criteria but also to maintain this compliance is, therefore, of the utmost importance. There is, of course, a plethora of other reasons that require fiscal consolidation, such as maintaining macroeconomic stability, boosting growth, the ageing of the population, etc. Although progress has been made in this area in the last couple of years, a great deal more needs to be done if we want to remedy the situation and also keep public finances on a sound footing. The initiatives and measures outlined in the National Lisbon Programme need to be fully implemented without resorting (as the programme stresses) to additional taxation.

Another area that is a top priority and where much more needs to be done is that of R&D and Innovation. Cyprus is certainly lagging behind in this area, with R&D expenditure in Cyprus standing at around only 20% of the EU average. If we consider the EU target of increasing average spending on R&D by 50%, then the situation in Cyprus is disappointing. We therefore fully support the

initiatives and measures set out in the programme, particularly those aimed at involving the private sector more in R&D. Of equal importance for us are the measures planned for facilitating all forms of innovation and particularly those aimed at increasing the innovative capacity of enterprises and at creating an innovation culture.

As far as ICT is concerned, we again agree with all policy priorities identified in the programme as well as with the measures that have to be adopted, particularly in the areas of eGovernment, eBusiness, eHealth and broadband access and networks. We cannot afford further delays in these areas and action must be taken immediately, since Cyprus is lagging behind other EU countries.

It is also very important that we continue to improve conditions for competition and the overall business climate, which would include making the public sector more efficient, reducing the regulatory and administrative burden, (through, inter alia, systematic impact assessments of existing and new legislation), extending and deepening the Internal Market, promoting entrepreneurship and improving SMEs' access to finance.

We also agree with the measures set out concerning the need to diversify the economy to encompass the production of high value-added goods and services that would, amongst other things, mitigate our economy's overdependence on tourism, the need to expand and upgrade basic infrastructures (particularly ports and airports, also in view of Cyprus' intention to join Schengen) and the need to ensure environmental sustainability (particularly to ensure the sustainable management of resources and waste, to reduce greenhouse emissions and to promote energy-saving and renewable energy sources).

As regards the challenges relating to employment, the National Lisbon Programme quite rightly emphasises the need to increase labour supply, to make the labour market more flexible, to further develop our human capital and to continue to improve conditions for social cohesion.

Labour shortage is a feature of the Cypriot labour market, while the ageing population is another consideration that really needs to be taken on board. We therefore agree with the priorities identified in the programme, i.e. the need to increase the participation of women and older persons in the labour market, as well as to build employment pathways for young people and the unemployed. We also agree with the need to reduce gender inequality and in particular the pay gap.

Furthermore, the flexibility of the labour market is extremely important in the effort to increase our competitiveness. Modernising the public employment services, promoting flexible forms of employment and assessing the economy's labour market needs on an ongoing basis are also steps in the right direction included in the programme.

Equally important in the effort to increase competitiveness and also employment is the development of human capital. The situation concerning this factor is quite satisfactory, but there are nevertheless areas of weakness that the National Lisbon Programme rightly addresses. Such areas are primarily: the apprenticeship scheme, improving the quality of education (through, inter alia, introducing

modern technology into education), continually upgrading skills to match labour market needs and developing a comprehensive life-long learning strategy.

Finally, improving conditions for social cohesion is a priority/challenge with both a social and an economic dimension. We therefore support the measures set out in the programme that essentially target disadvantaged and vulnerable groups (e.g. people receiving welfare, the disabled, the elderly, the poor, etc.) and encourage their integration/reintegration into the labour market.

2. The role of organised civil society and good practices

The social partners, economic players and political parties were adequately consulted by the Government when it drew up Cyprus's National Lisbon Programme. All were given the opportunity to submit their views and positions on the form and content of the programme and their written contributions were published on the website of the Ministry of Finance, which had overall responsibility for drawing up the National Programme. Furthermore, the major social partners were invited to attend a meeting on 25 July 2005 with a team of European Commission officials visiting Cyprus precisely for the purpose of discussing preparations for Cyprus's National Lisbon Programme with the national authorities and the social partners. A very useful and constructive exchange of views and ideas took place at that meeting.

The draft Lisbon Programme was drawn up by mid-September 2005 and was discussed with the social partners and other stakeholders and the final version was submitted and approved by the Council of Ministers in October 2005.

We consider that the consultations were useful and constructive and gave the representatives of civil society the opportunity to be involved throughout the process and to contribute to drawing up the National Lisbon Programme.

We were pleased to see that many of the positions and views of the social partners, economic players and other representative groups were taken into consideration by the Government when it drew up the National Programme and have been included in the programme.

The Government has given a commitment that, when the programme is published, it will invite all stakeholders to submit suggestions regarding establishing an effective monitoring mechanism for the programme's implementation, but this has not yet happened. The monitoring mechanism will be established under the coordination of the Ministry of Finance and the Government's intention is to draw up progress reports, on a regular, bi-annual basis, which will be submitted to the Council of Ministers. We strongly believe that the various stakeholders (and primarily the social partners) should be involved in drawing up these reports and also more generally in implementing the programme, at least within their individual spheres of competence. Furthermore, we believe that it is the duty of the social partners to monitor developments concerning the programme's implementation, to take action and to exert the necessary pressure in the event of inactivity or improper or incomplete implementation, and also to make suggestions as to how things should proceed. The Government has

also stated that a set of indicators will gradually be developed to help to assess progress on implementing the Lisbon Programme and that, as a starting point, the core structural indicators could be used for this purpose. These indicators (when developed) will be of great help in monitoring the programme's implementation, for the social partners too.

Finally, we believe that the Government, as well as the other stakeholders and first and foremost the social partners, have a duty to publicise both the National Lisbon Programme (and their contributions to it) and the Lisbon Strategy in general, primarily to their target groups but also to the public at large. Many of the social partners in Cyprus have already started doing so.

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LATVIA

1. The implementation of the Lisbon Strategy

In Latvia the National Lisbon Programme was approved by the Government on 11 October 2005, in order to achieve the targets set out in the Lisbon Strategy. The programme was drawn up in accordance with the EU strategy development document of 2000 and the EC decision of March 2005.

The Priorities of the Latvian National Lisbon Programme will be included in the strategy document on exploring European funds 2007-2013.

The programme clearly sets out the priorities for Latvia: GDP growing 6-8% per year, reducing the budget deficit, growing employment level to 65% by 2008, including – 61% women and 48% older employees, 82% youth with medium-level education, 1.1% of GDP will be used for research and development, private investments – 23-25% of GDP.

The general and specific thrusts of the National Lisbon Programme are: macroeconomic stability, promotion of knowledge and innovation, developing a friendly environment for investments and jobs, stimulation of employment, developing education and training.

2. The role of organized civil society

The economy Minister chairs the Lisbon Strategy Council. His aim is to invite the social partners in developing an information programme concerning society about aims achieved. In the process of developing the programme, the Ministry of economics consulted SMEs, NGOs and trade unions.

We consider that consultation with representatives of civil society is a good opportunity for them to be involved throughout the process and to contribute to drawing up the National Lisbon Programme. On the other hand, in my opinion the national programme is too big (44pages) and has lost some clarity mission and has not concentrated on the most important things.

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LITHUANIA

The National Programme of Lithuania for 2005-2008 has three clearly defined priorities: maintaining fast economic growth and macroeconomic stability; promoting business competitiveness; and promoting employment and investment in human capital. Each priority is carefully set out, with tangible objectives and means as well as the funds to achieve these objectives.

In my view, despite many positive features, the National Programme is oriented towards the process rather than to the result. It contains some abstract phrases, and talks about necessary concepts without anticipatory results.

The proposals of the Lithuanian Confederation of Industrialists and other non-governmental organisations were more radical than was finally reflected in the Programme. These proposals were concerned with the improvement of tax incentives for business as regards investment in innovation, R&D and education.

Despite the shortcomings of the Programme, much progress has been achieved as regards the inclusion of the proposals by the non-governmental organisations, and the final version of the document is considered to be satisfactory.

This National Programme was prepared with the active participation of non-governmental organisations. The Lithuanian Ministry of the Economy, which was appointed to be responsible for the preparation of the Programme, has received considerable input from civil society. Although many proposals have not been taken on board, the Ministry was quite attentive to the organisations' proposals and from the very beginning of the preparation of the document, it organised many consultations with non-governmental organisations. This consideration by the Ministry was required by the initiatives taken by the organisations and primarily by the Lithuanian Confederation of Industrialists (LPK) which in March 2005 organised an international conference entitled Halfway through the Lisbon Process: Aims and prospects of the governments, industrial and business organisations of the new EU Member States. The conference was attended by the President of the Republic of Lithuania, the Prime Minister, various Ministers, Mr Wim Kok, Mr Philippe de Buck, the Secretary-General of UNICE and the heads of industrial confederations from the new EU Member States and from some Nordic countries, representatives of national trade union organisations and from abroad.

During the preparation of the National Programme, the Lithuanian Confederation of Industrialists became the most important consultant for the Ministry of the Economy and those institutions which were partly responsible for the preparation of the Programme. Some consultative meetings were held at the Confederation with trade union officials. LPK made a major contribution to the final Conference on the National Programme which was organised by the Ministry of the Economy.

Organised civil society in Lithuania believes that if the National Programme is properly implemented, obvious results can be expected in the next few years.

These organisations are determined to keep a close eye on the process of implementation and in this respect, will be a good partner and strong critic of the National Government.

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LUXEMBOURG

1. Current stage of implementation of the Lisbon strategy at national level – needs and priorities

- At this mid-term point it has to be said that the Lisbon objectives are far from being achieved.

The ESC has focused its most recent annual opinions on socio-economic and financial trends in the country. More specifically, its opinion of 11 March 2005 dealt with the transposal of the Lisbon objectives to national policies.

The ESC maintains that, in implementing the Strategy, the integrated approach should remain based on the three pillars, i.e. the economy, social cohesion and the environment. The ESC believes that sustainable development, the cornerstone of the Lisbon Strategy, is three-dimensional insofar as the economic, social and ecological aspects have equal status and relevance.

The ESC believes that the knowledge-building and skills-development required to create a knowledge-based society are the foundations of the Lisbon Strategy.

The Lisbon Strategy's principal instruments are research development, entry-level and ongoing training, and investment in innovation.

The ESC considers that economic policies aim to build consumer confidence, thereby stimulating internal demand and increasing investment levels.

The ESC has put forward proposals for fostering the business environment, research and development, training in general, infrastructure development, network industries, production methods, and eco-friendly consumption. The latter were complemented by proposals for improving the way the labour market operates, in particular through positive incentives to prolong working life, and raising the employment rate for women. The ESC also put forward considerations and proposals for improving the quality of employment, social cohesion and pro-active integrated social inclusion policies.

The ESC considers that competitiveness can never be an end itself. It is just one way amongst others of promoting general public welfare.

The ESC draws attention to the need for strong sustainable economic growth based on rising employment and production rates, which are prerequisites for ensuring long-term social protection and high environmental standards.

- The national reform programme (NRP), known as the "national plan for innovation and full employment", was prepared by the Competitiveness Observatory under the auspices of the Minister for the Economy and External Trade, who is the national coordinator for the Lisbon Strategy.

The plan was presented to the tripartite coordination committee, which includes the social partners and the government and is chaired by the prime minister. Although the social partners were involved in the discussions, the government was responsible for drafting the plan. It is a medium and long-term programme based on 20 integrated guidelines. It takes account of economic, social and environmental developments. Integrated guidelines 3 to 6 have not been retained as such in the NRP. However, they have been dealt with in other parts of the national reform programme.

After some discussion, the Chamber of Deputies made some amendments and approved it on 16 November 2005 as the national plan for innovation and full employment.

A number of measures included in the document are still under discussion with the social partners, with a view to their possible implementation.

2. The role of social and economic stakeholders

- The 2004 reform of the ESC's organic law requires ESC opinions to follow the different stages in development of major economic policy trends.

Refocusing the BPEGs on the Lisbon agenda meant that ESC opinions had to follow the integrated guidelines (IGs) for growth and jobs at national level, which it did for the first time in its opinion of 15 May 2005 on the IGs.

The tight deadlines imposed by the new governance cycle prevented the ESC from carrying out an in-depth analysis and reaching a consensus on the European Commission's integrated guidelines in time for the European Council of June 2005. This was also the case for the tripartite coordination committee. Furthermore, with the exception of the social partners, organised civil society representatives were not included in the discussions on the IGs and the preparation of the NRP. Nevertheless, the NRP provides that all civil society stakeholders, and the social partners in particular, are to be involved in the plan for innovation and full employment. Discussions will continue with a view to gradually implementing the plan submitted to the European Union.

- Despite evidence that it is not being implemented at the pace set in the roadmap, Lisbon remains a fixed and ongoing programme for economic and social transformation.
- In recent years, steps have been taken to transform the economy into a knowledge-based society and sustain growth and jobs.

Thus, in the context of bipartite social dialogue, the most representative socio-occupational organisations for employers and employees have concluded a collective agreement on individual access to lifelong vocational training.

Ongoing discussions on teleworking have been concluded and an agreement is to be signed. The part-time work contract reform is still under negotiation, and will be completed in 2006.

In order to transpose the joint agreement for the promotion of equal opportunities and access to employment for people with disabilities, the social partners launched a campaign to promote the employment of disabled people.

On 23 July 2004, the Economic and Social Council issued an opinion on flexitime systems, which laid down guidelines for setting these up either through legislation or negotiation with the social partners. The Government is now to draw up a framework law based on the ESC's largely unanimous proposals.

The ESC is currently discussing ways and means to transpose the European framework agreement on stress in the workplace to the national level.

In order to make it easier to start up businesses, access to funding, especially capital, has been improved in recent years. A new framework-law on aid schemes for small and medium-sized enterprises entitled "classes moyennes" has been adopted. The Société nationale de crédit et d'investissement (SNCI) has taken a number of initiatives to better adapt the range of financial products to evolving business needs. Equipment loans have been modernised and a research facility (CRP) has been set up. A cooperation agreement has been concluded with the European Investment Fund to facilitate access to risk capital. Products have also been developed to turn research results into businesses.

- The ESC will continue its analysis of the follow-up and evaluation of the national Lisbon programme in compliance with its statutory core functions. In so doing, it will liaise with civil society representatives on issues that concern them.

Energy and communication network infrastructures play a key role in improving competitiveness and are vital for ensuring smooth sustainable development.

Immigration and an active integration policy also have an increasingly important role to play in Luxembourg's multicultural society. In addition to the mobilisation of internal potential (e.g. job seekers, mature workers, women), immigration is another factor for economic growth and the consolidation of national GDP.

Social cohesion is an important pillar of the Lisbon Strategy that has to be safeguarded in order to ensure an environment conducive to working and living in society. The knowledge-based society cannot be achieved in an atmosphere of job insecurity and precarious living standards.

- In conclusion, during the Luxembourg presidency of the EU Council, the ESC held six meetings in coordination with the EESC and other national ESCs to highlight the Lisbon Strategy. Civil society representatives took part in these events to promote public awareness and understanding of the European venture, the challenges of globalisation, and solutions that meet social and economic needs.

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HUNGARY

The aim of the ESC's document is to guide planning organisations in establishing which areas to focus on. The Council insists on subsequent involvement in planning activity through its component committees and members.

1. Global and international context

Imagine a country in which society functions smoothly and harmoniously, where children and adults enjoy life, where education and health services meet international standards, with a competitive economy, in which an environmentally-aware lifestyle is the norm. The people living there would be resolute, independent, open, receptive to new knowledge, aware and respectful of traditions; they would be flexible thinkers, living in a secure environment, while displaying solidarity to one another, and actively participating in and shaping their community. They would be aware of and use non-violence as a technique for dealing with conflicts. In such a society, the quality of life would by no means be solely dependent on material factors; non-material needs would also have to be satisfied. All of this gives an idea of the priorities and tasks relating to particular sectors, policies and cross-cutting issues.

It is essential to review relations between, on the one hand, the State, and on the other, society, business and individual citizens, and the networks comprising them, taking into account new conditions and challenges; strategic priorities will also have to be defined. In working towards the objectives of development policy, it is important to clarify roles, obligations, instruments, financing, the division of tasks and competences (between central governments, regions, regional entities and municipalities), and the responsibilities undertaken by the State for the common good.

The desired goals must be achieved against a likely backdrop of fiercer competition and growing economic and social risks. Forecasts suggest that international developments will be marked by crises, possibly aggravating Hungary's economic dependence and vulnerability. All of this poses a considerable challenge to the implementation of national and regional objectives, some aspects of which will require adjustment or restructuring. It may be helpful to outline the relevant factors in greater detail.

2. Competitiveness, sustainability, sustainable development

An in-depth analysis is needed of future flux process developments in an increasingly globalised international economy, and of the changes in and likely impact of EU reforms, the budget, institutions and instruments. Fiercer competition, social and economic tensions and international turbulence can be expected. These changes must be prepared for. Given that the factors in question have a fundamental influence on Hungarian social and economic life, various alternatives should be taken into consideration, right from the planning stage. The concept of competitiveness must be clearly

defined, together with its scope, indicators and benchmarks. Apart from competitiveness, the willingness and capacity to cooperate also create better prospects. It should also be emphasised here that this is not just a matter of economic competitiveness.

Precise definitions and analysis are also needed in connection with sustainability and sustainable development. A national sustainable development strategy must also be drawn up.

3. Research, development and innovation

Depending on their characteristics and resources, universities and other academic research institutes together with the business sector decisively contribute to strengthening economic competitiveness, promoting innovation and achieving regional development objectives (regional knowledge centres - employment, regional competitiveness), while reinforcing the emphasis on human aspects.

4. Solidarity and social cohesion, equal opportunities

Boosting solidarity, social cohesion and equal opportunities could be included as a key strategic objective in documents relating to the National Development Plan and the National Regional Development Plan. Cohesive and open programmes and social support are needed to assist disadvantaged groups such as people with disabilities, Roma, the poor, the elderly, children, single parents and large families; providing these groups with better prospects should be a natural component of such programmes. Modernisation of social conditions is fundamental to the existence of a society favouring non-violence and peaceful solutions while proscribing any form of discrimination. Demographic issues cannot be approached from a solely rational perspective; there must be clear and adequate competences at national and Community levels, and family policy should not simply be a matter of financial support.

5. Education, training and culture

Education and training have been identified as competitive factors, for example by literature on development, in that they underpin economic competitiveness and the knowledge-based economy/society. In keeping with this role, stronger social support is needed for bringing up small children through the provision of day care facilities and of primary education conducive to personal development, self-awareness and a positive self-image; in addition, particular emphasis must be placed on transforming vocational training, language training and adult education. It is important to inculcate and encourage environmentally aware attitudes and lifestyles.

Culture plays a decisive role in maintaining national traditions and values; moreover, like education it has a positive impact in other areas, for example by stimulating creativity, progressive thinking and self-expression. At the same time, culture helps to ensure greater awareness of multicultural Europe, underpin civilised values and change attitudes, thus helping to build a more open society.

6. Civil society

Civil society must be enabled to become directly involved and provide input in all areas, particularly with regard to solidarity, equal opportunities, education and culture, environmental protection and nature conservation.

7. Environmental issues

Development priorities linked to environmental protection are included in the planning documents as cross-cutting issues. Integrated development planning and methodology are needed to ensure development in the very broad range of areas covered by environmental protection; there is a link here to sustainable development, and to an approach integrating economic and human considerations, as described above. It is important to incorporate and apply long-term environmental sustainability requirements for infrastructure investments and the methods used to fulfil them right from the strategic planning stage.

8. EU financial support and economic and social modernisation

Without EU financial support, the process of economic and social modernisation cannot be completed in Hungary. To this end, a reduction in the number of objectives set out in the National Development Plan and the National Regional Development Plan should be considered. In compliance with the fundamental principles for the use of the Structural Funds, the number of strategic development goals could be set in the range of 4-6. With this in mind it would be useful to redefine the nine (8+1) strategic objectives of the National Development Plan, thus establishing the following five objectives:

- ensuring long-term growth in economic competitiveness
- setting high standards in the areas of health, knowledge and culture
- strengthening solidarity
- modernising public administration and regional structures
- protecting natural resources and the environment.

The above objectives could represent a realistic reflection of the current circumstances, available experience, the dynamic relation between business and society, and the influence of human needs at national, local, regional and horizontal levels of development. Of course, as in the development documents, cross-cutting, regional and sectoral objectives can be clearly outlined. On similar lines, slight adjustments can also be made to the regional policy objectives of the National Regional Development Plan:

- bridging the development gap between regions, regional competitiveness
- sustainable development and spatial integration
- devolution and regionalism.

9. The role of the State, devolution and regionalism

A relatively economical, cost-oriented team of trained specialists backed by modest resources would suffice to plan and implement a co-ordinated non-sectoral strategy. The reform of public administration cannot be delayed.

The development documents must provide a detailed description of a solution enabling achievement of the primary aim or previously defined strategic objectives, together with the accompanying economic, political and social costs.

The coordination of economic and human considerations together with EU-defined regional, spatial and cross-cutting aspects in national development policy can provide satisfactory solutions even to such complex problems as improving living conditions for the inhabitants of rural areas, enhancing the - clearly identifiable - retention capacity of rural areas, helping backward regions to catch up in economic and social terms, establishing the legal status of micro-regions in regional policy, accessing funding, etc.

A key element of the EU's development policy methodology, the integrated approach, should be applied throughout the country's economic and social development vertical planning structure.

10. Appropriate methodology

To achieve the primary strategic planning aim of ensuring economic and social cooperation and reaching a dynamic balance, well-established methodology tying in with European Commission practice in this area is needed.

Both development documents must be based on various national and international statistics and applied methodology. The various forms of partnership (innovative, institutional, strategic, project-based, etc.) used by the EU in strategic planning of development policy, by Member States such as Ireland and northern European countries, and by institutions dealing with methodology in connection with NUTEK and Nordregio are appropriate means for the State to provide stronger support than at present for the resources of academic and university research institutes, business, and civil society organisations. Stronger use of these forms of partnership in both horizontal (sustainability aspects - environmental protection, equal opportunities) and vertical directions (legislation in particular policy fields, preparation and implementation of decisions on the distribution of resources) will assist State decision-makers in planning national development policy. Hence, the partnership in question is not a consultative but a social one.

Measurements should take qualitative criteria, accountability, responsibility and possible consequences at least as seriously as financial and budgetary considerations.

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MALTA

1. Implementation of the Lisbon strategy at national level

The responsibility of drawing up a National Reform Program (NRP) for Malta in order to target the 24 guidelines put forward in the Lisbon Strategy was entrusted to the Cabinet Committee on Competitiveness (CCC) chaired by the Minister for Competitiveness and Communications. A specialised advisory unit within Government coordinated the development of the NRP together with the mentioned Ministry, other line Ministries, the public sector, and all other stakeholders. The NRP was published in November 2005, and was the product of several discussions with all the stakeholders involved as well as an analysis of documentation on the matter. This document was presented to the Commission in October 2005.

Malta currently benefits from a number of comparative strengths vis-à-vis the other EU Member States. These include a relatively high computer literate population with high internet and mobile telephony penetration, an efficient and integrated financial services sector, effective social inclusion, as well as a low unemployment rate in the labour market. There are also, however, a number of areas which need to be improved upon such as increasing economic growth, consolidating public finance, reducing the fiscal deficit, creating a more attractive enterprise environment, increasing the rate of employment, increasing the participatory rate of females within the labour market, increasing the number of science and technology graduates and introducing more measures to safeguard the environment.

On the basis of Malta's strong points and weaknesses, the key priorities outlined in the NRP are the sustainability of public finances, competitiveness, employment, education, and the environment.

Sustainability of public finances

Following a gradual fiscal consolidation programme, the deficit to GDP ratio has been brought down to 3.87% in 2005. According to the National Budget for 2006, the deficit to GDP ratio will be further reduced to 2.66% in 2006 and 2.26% in 2007. Meeting the deficit targets remains one of the Maltese Government's prime objectives. This is to be mainly achieved through expenditure reduction and control measures. The public sector wage bill will be contained through retraining and redeploying human resources. Public sector efficiency is to be maximised through restructuring of public sector entities, leading to further reductions in subventions and operating costs. The privatisation programme is to be continued promoting further the use of PPP's whilst building on strategic partnerships. Social welfare costs and health care also form part of Government recurrent expenditure. The Government is currently in the process of finalising and launching the appropriate changes in the pension system so as to ensure sustainability, adequacy and modernisation. An aggressive plan against benefit fraud is to be implemented. Structural changes in the healthcare sector are also being implemented so as to ensure the efficient use of health care services thereby avoiding increases in costs.

Competitiveness

The major key issues to be addressed include Research, Development and Innovation (RDI), the enterprise environment and liberalisation. Primary objectives include the encouragement and facilitation for the establishment of new firms, particularly in growth areas through foreign direct investment, local start-ups, development of current operators and assistance in the formation of clusters. Proposed measures include the enhancement of efficiency of Maltese ports together with making Malta a more attractive destination for tourists. Strengthening the financial services through the efforts of the Malta Financial Services Authority, the promotion of the Malta Stock Exchange abroad, the development of industrial parks, viable clusters and SME internationalisation are also important. Efforts will also be made to make Foreign Direct Investment more attractive preferably in high R&D areas or areas with a high level of technological excellence. The formulation of a Regional Innovation Strategy is in the pipe-line and SMEs are to be assisted in developing their human resources in the field of ICT and innovation.

The NRP measures include the reduction of Government induced administrative and regulatory burdens on enterprise, the creation of a simple yet thorough and effective regulatory environment, the improvement of public sector efficiency, a review of the Business Promotion Act and adequate support for entrepreneurship.

Employment

The overall employment rate stood at 54.1% in December 2004 and the target specified for 2010 is that of 57% which is proposed to be reached in a number of ways. Firstly, the NRP aims to reduce the rate of youth unemployment and promote the integration of disabled people and disadvantaged groups through focused schemes and employment services including training and work experiences. The female participation rate in Malta was 32.8% in 2004 and the aim is that of increasing this rate to 41% by 2010 through the provision of child care facilities and other measures to better reconcile work and private life, and secondly by reviewing the tax and pension systems in order to encourage female participation. Health and safety at work are also being enhanced through various campaigns.

Education

The NRP introduces a number of measures to target these issues namely by reducing the number of early school leavers through enhanced learning programmes, which currently stands at approximately 45% of those aged 18-24 having obtained at most a lower secondary education level, reducing the number of illiterate school leavers by imparting to them the basic literacy, numeric and computer skills through various means, and encouraging more people to take on Vocational and Educational Training by developing formal certification. The educational system also needs to be adapted to fit current requirements by re-examining course choice to reflect the new challenges emanating from the labour market, reviewing the stipends system to attract more science and technology graduates, which currently stands at just under 4 per 1000 of the population aged 20-29, by encouraging cooperation

with educational institutions at all levels to attract more students to the technical and engineering fields, as well as by mapping the educational infrastructure with the needs of the labour market.

Environment

Another target put forward in the NRP is that of pursuing sustainable development, energy efficiency and protecting the natural environment. This will be done by treating all sewage prior to disposal at three new sites in Malta and Gozo, developing offshore wind farms, and lastly by deriving energy from waste.

2. The role of the economic and social players in the implementation of the Lisbon strategy

The NRP Coordination team has gone through a long process in formulating the first NRP. Initially, it carried out a thorough document review of EU guidelines, line Ministry Strategic Plans as well as social partner documentation. Secondly, it held meetings with and thoroughly involved line Ministries and public sector organisations in preparing the respective NRP proposals. Jointly with the Ministry for Competitiveness and Communications, it also launched the public consultation process of the NRP with a conference entitled “Taking the Lisbon Strategy Forward” on 5 July 2005. The NRP Coordination team, on 20 July 2005, also held a one day meeting with an EC delegation which discussed broad and technical matters related to Malta’s NRP. During the one day meeting, the EC also met the Malta Council for Economic & Social Development (MCESD), and its Civil Society Committee so as to solicit their views and expectations. Lastly, the NRP Coordination team analysed and aggregated findings from the above and prepared the first draft NRP which was submitted to the CCC for debate, approval and assurance. The second public consultation stage began on 30 August 2005 and lasted up to 23 September. This allowed the NRP Coordination team to receive feedback from stakeholders on the potential measures discussed as well as to hold meetings with social partners and civil society on a one to one basis. After the public consultation period, all feedback received was analysed, and factored so as to draw up the final draft of the NRP which was subject to the approval of the Cabinet Committee for Competitiveness, Cabinet, and eventually submitted to the EC.

Social and civil dialogue in Malta is undertaken at MCESD, where the interests of Government, Labour Unions and Employers are represented. The Chairperson is appointed by the Prime Minister after consultation with Council Members while the Deputy Chairperson is appointed by the Prime Minister from among members of the Civil Service. Apart from the Chairperson and the Deputy Chairperson, the Council is composed of fourteen other members, namely four senior members from the Civil Service, the Governor of the Central Bank, four from the Labour Unions and five from Employers Associations. The Council composition is established by law.

The Council also houses a Committee representing Civil Society interests which is chaired by the Chairperson of the Council. Civil society members are not represented at Council level but only at Working Group level.

The Council has been instrumental for social partners to obtain a better understanding of each other's situations and concerns, thereby contributing to industrial peace. The Council also operated relatively successfully in drafting documents by Working Groups composed of members from within the Council in preparation for discussions for social pact negotiations: these documents concerned competitiveness, the role of the public sector and the reform of the health system. These reports tackle some of the concerns which are put forward in the Lisbon Strategy. There have also been instances where the Council was successful in contributing to the drawing-up of important policy frameworks, such as in the case of the Employment and Industrial Relations Act (2002).

The Council operates strictly on the principle of unanimous consensus. This often inhibits the Council from taking decisions and submitting formal advice to Government. However, the strong presence of top members from the Civil Service ensures that Government is always fully aware of the stands taken by the organisations represented on the Council.

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NETHERLANDS

1. Implementation of the Lisbon Strategy in the Netherlands: the state of play

The Netherlands has been pursuing Lisbon-type policies since the early 1990s. This relates especially to fiscal consolidation, labour market reform, social security reform and product market reform. However, two major bottlenecks have proved difficult to solve: the high number of non-working people who receive disability benefit and the patchy structure of the health insurance system. These latter areas have finally been tackled by the present Balkenende II government and included in the National Reform Programme (NRP).

To a large extent the Dutch National Reform Programme (NRP) mirrors the 2003 coalition agreement of the present government. This agreement also bears on core parts of the Lisbon agenda. However, the Dutch government has not produced an overall Lisbon Strategy, reflected in the NRP. There is no all-inclusive strategy that could deal with the dilemmas that would be faced if the broad interpretation of welfare were taken seriously; it would only be possible to overcome policy dilemmas if the scope of the NRP were broad enough to accommodate the various trade-offs between the economic, social and environmental aspects of prosperity.

Four observations

Four observations regarding the Dutch NRP will be dealt with in greater detail: R&D spending, the ecological aspects of sustainable development, the position of working mothers and social cohesion.

R&D spending

R&D intensity in the Netherlands is relatively low (1.8%), especially compared to the Barcelona target (3% of GDP in 2010). The NRP states that the Netherlands aims to increase private R&D spending to about the European average by 2007. After 2007, the Netherlands aims to become one of the top five in the EU. Although private R&D is the responsibility of the private sector, the government has formulated this goal without having secured the prior commitment of the social partners.

As regards public spending on R&D, the NRP is much less ambitious. Although public-sector R&D spending is below the EU average, the government does not draw the conclusion that public R&D must be increased as well. Instead, the NRP stresses that the Netherlands has an efficient knowledge system that performs excellently despite relatively limited public spending.

While this may be true, it is most unlikely that Dutch ambitions in the field of knowledge and innovation can be met without higher public and private R&D spending.

Ecological aspects of sustainable development

It would be unfair to the current NRP to imply that environmental issues do not play a role at all. They do, but that is nothing new. The NRP lists several objectives from existing government programmes, for example in the field of energy, climate change and green government procurement. The NRP could be more agenda -setting when it comes to reconciling economic growth with a good-quality living environment.

A good example concerns the persistent problems with local air quality. The government is taking some welcome measures to contain the problem, such as speed limits (80 km per hour in some built-up areas) and speeding up the fitting of soot filters in diesel-engined vehicles. But the government is making no progress with an ecologically much more efficient innovation, namely the introduction of road pricing with a variable tariff per kilometre, depending on time, place and environmental impact. Both the Social and Economic Council of the Netherlands (SER)and a specially established national platform have recommended acceptance of the proposal to introduce variable payments.

The position of working mothers

In view of the government's stated ambition to increase overall labour participation, one would expect a higher priority to be given to the position of (potential) working mothers. Dutch female labour participation is high, albeit overwhelmingly in part-time work; about two thirds of working women have a working week of less than 32 hours. Increasing labour participation therefore implies offering incentives to these women to work longer hours.

However, a comparative analysis by the OECD has shown that the high cost of childcare and inconvenient school hours in the Netherlands really discourage mothers from seeking full-time work. Although the current NRP cites some recent policy initiatives (including a new Child Care Act), it does on balance very little in terms of availability (reconciling school hours and working hours) and costs.

Social cohesion

Another important observation is that the Dutch NRP has chosen to deal with social cohesion in a stand-alone process parallel to the Lisbon process. The difference is more than a cosmetic one. The current NRP contains many unpopular and pro-cyclical measures to improve the budget deficit and to increase labour participation. In our view, the 'stick approach' is not counter- balanced by positive policy measures to help those at risk of losing out (former disabled persons who lose their disability benefit, older workers losing unemployment benefits etc.) to reintegrate into society. Although the government may be considering such measures in a parallel process, it is much more convincing to present carrot and stick policies as one integrated package.

2. The role of the Dutch social partners

No commitment from the Dutch social partners

The Netherlands has a long tradition of consultation between the national government and social partners on social and economic issues. And since the early 1990s there has been a growing national consensus as to the direction of the Dutch socio-economic agenda. Against this background it would have made sense to include the implementation of the national Lisbon agenda in the periodic consultations between the government and the Dutch social partners.

However, the government has not made any serious effort to achieve consensus with the social partners. On assuming office in 2003, the newly elected government set out to pursue no-nonsense policies and it decided not to follow up some sensitive parts of advisory reports from the Social and Economic Council. Consequently, many consensus-driven policy recommendations with relevance for the Dutch Lisbon agenda were put at risk.

As a result, the current document is the sole responsibility of the Dutch government. The Dutch social partners have written a separate memorandum outlining their input, because they wish to make an active contribution to delivering the Lisbon objectives in the policy areas for which they bear responsibility.

Weak governance of the Dutch Lisbon Strategy

Another reason for the lack of commitment from the social partners is the weak governance of the Dutch Lisbon Strategy. The Dutch government decided against the recommendation of the Kokreport and the European Commission to appoint a cabinet minister in charge of implementing the Lisbon Strategy. This function is in effect fulfilled by a high-ranking senior civil servant, the Secretary-General of the Department of Economic Affairs. Although he holds a key administrative position, he lacks the authority to force a rethink of the Dutch Lisbon Strategy over the heads of other departments.

That a fundamental rethink has not taken place is illustrated by the way the Dutch NRP was prepared. During the summer of 2005 three separate departments took responsibility for 'their' NRP-chapters. The 'overall strategy' was added at a much later stage. As a result, there was no overall strategy up for discussion with the social partners. Government representatives even held the view that in any case the Dutch NRP could not differ from current government policies.

How to keep the social partners involved?

Fortunately, government and social partners are on speaking terms again. Many issues from the Lisbon Strategy are dealt with in an advisory report to the government regarding social and economic policy in the medium term, which the Social and Economic Council (SER) is preparing. The three main themes of this report will be:

- the knowledge- based economy;
- social innovation within labour organisations;
- the characteristics of a sustainable welfare state, more particularly the consequences with respect to the respective responsibilities of the state, the social partners and individuals.

More generally, the 2005 and 2006 work programmes of the SER feature several advisory projects which are relevant to the Lisbon Strategy . Examples are the European Services Directive, Ecoefficiency as an opportunity, Future senior citizens' policy (all 2005; see www.ser.nl), The implementation of the Lisbon Strategy at local and regional level, and the Safeguarding of future energy supply (provisional 2006 work programme).

In addition, within the framework of the Labour Foundation the social partners and the government have reached agreement on more facilities and jobs for people with a poor employment prospects, especially the partially disabled unemployed (see www.stvda.nl). This tripartite agreement helps to address the lack of attention to social cohesion in the Dutch NRP.

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AUSTRIA

INTRODUCTION

- The Austrian Growth and Employment Programme was adopted, without parliamentary debate, by the country's Council of Ministers on 18 October 2005 and forwarded to the European Commission.
- This national reform programme is divided into seven strategic core areas designed to boost growth, employment and competitiveness:
 - 1) sustainability of public finances: reduce the debt ratio by cutting expenditure and using resources more efficiently to prepare for the future;
 - 2) labour market and employment policy: stimulate the economy, but also improve job search services and skills provision; increase flexibility and security ("flexicurity"); support "active ageing"; and assist people re-entering the job market;
 - 3) research, development and innovation: promote university and non-university research and support businesses; expand technology and knowledge transfer; encourage cooperation and start-ups, etc;
 - 4) infrastructure: expand transport links to central and eastern Europe; Brenner Base Tunnel; improve broadband provision;
 - 5) safeguard the country's position as a business location and promote SMEs: packages include measures to facilitate business start-ups (better regulation, procedural improvements), measures relating to company funding, and action to cultivate Austria's position as an attractive location for business headquarters;
 - 6) education and training: new approaches to lifelong learning and strategies to update vocational training and modernise the higher education system;
 - 7) environment: work to promote renewable energies and boost energy efficiency; action plan for environmental technology and to make the economy more resource-efficient.

ASSESSMENT

The Austrian social partners consider the explicit involvement of the social partners at European and national level to be a very positive aspect of the Lisbon Strategy. On the specific Austrian programme, opinions differ:

I. **Employers** endorse the direction of the programme, the provisions of which largely tie in with their own economic strategy. They do, however, have additional requests including the following:

- The macroeconomic section fails to send out positive signals to stimulate growth and employment through a wide-ranging reform of the state, the promotion of public-private partnerships to fund infrastructure projects, and time-limited investment incentives during periods when the economy is weak.
- In the microeconomic section (watchword: “*more efficient resource allocation*”) additional investment incentives – for instance to improve the thermal performance of buildings – could help moves to achieve the Kyoto objective. The programme also fails to provide any incentives to reduce dependence on fossil energy.
- With regard to the labour market, employers would have hoped for action in a number of areas, including a reduction in non-wage labour costs, unemployment insurance for the self-employed and more flexible working time.
- There are no specific measures to support small businesses (SME package).

II. Although the **workers' side** does see some positive elements in the Austrian action plan, it regrets the overall absence of any innovative approaches. For the most part, the programme contains measures that were already known about, already adopted or already implemented.

- Above all, there is no commitment to an expansionary, growth-oriented economic policy at European and national level. Such a policy would be needed to boost domestic demand and secure the coordinated expansion of public investment.
- Too little account is taken of the worsening state of the labour market; the programme does not fully reflect the fact that employment is becoming less secure, and places too little emphasis on the continued pursuance of an active labour market policy and on the need for balance between work and family life.
- The measures to promote research, infrastructure and broadband technology are not adequately funded.
- There is no indication of how the international commitments to achieve the Kyoto objective are to be met.

INVOLVING THE REPRESENTATIVE ASSOCIATIONS

- The four traditional representative social partner organisations that make up the Austrian Advisory Council for Economic and Social Affairs (the Federal Chamber of Labour [*Bundesarbeitskammer*], the Chamber of Agriculture, [*Landwirtschaftskammer*], the Austrian Confederation of Trade Unions [*Österreichischer Gewerkschaftsbund*] and the Federal Economic Chamber [*Wirtschaftskammer Österreich*]) have been resolutely involved in the Lisbon process for many years, and have played an active part in framing the Austrian positions on Lisbon-related policy areas. Their input includes opinions on the various guidelines, action programmes, Council summits, etc. and assessments of either the overall strategy or some of its constituent parts.
- As well as employers' and workers' associations and the farming interest groups represented on the advisory council, regional and local interest groups were also involved in the consultations.
- The scale of input varied. There was a satisfactory degree of formal cooperation (consultation and working meetings) with the federal chancellery, the ministry of economics and labour and the ministry for social affairs, but virtually no input into drafting the macroeconomic section, which was under the overall responsibility of the finance ministry.
- The four representative associations that sit on the Austrian Advisory Council for Economic and Social Affairs back the Lisbon Strategy, the objectives of which dovetail with many of those of the social partner organisations. However, they regret the absence in the national programme of some key elements of their demands and recommendations.

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POLAND

1. Implementing the Lisbon Strategy

Polish accession to the European Union on 1 May 2004 meant that cohesion policy approaches had to be brought into line with the operational principles of EU structural instruments. The Polish integration strategy fully supported guidelines for EU development, as set out in programming documents, particularly in connection with the Lisbon Strategy and the associated concept of sustainable development. However, for Poland to properly manage its membership of the EU and make good use of EU funding, a National Development Plan had to be drawn up.

The first comprehensive document outlining the socio-economic strategy for Poland during the first few years of EU membership was the National Development Plan for 2004-2006. The Plan described the main structural actions (support for businesses, infrastructure and human resource development) which Poland intended to launch during the 2004-2006 period. The strategic goal of the NDP was the development of a competitive knowledge- and enterprise-based economy, capable of delivering sustained and harmonious development, employment growth and greater social, economic and territorial cohesion with the EU at regional and national level.

Next came the 2007-2013 National Development Plan, covering the following EU budget period; a preliminary draft of this document was adopted by the Council of Ministers on 11 January 2005. Unlike the 2004-2006 NDP, which was created primarily in order to present the EU with a document describing EU-financed actions (using Structural Fund and Cohesion Fund resources), the 2007-2013 NDP comprises a comprehensive socio-economic development programme, bringing together all nationally financed or EU-co-financed actions and operations in Poland.

The draft 2007-2013 NDP includes the following strategic goals:

- keeping the economy on course for rapid economic growth;
- strengthening the competitiveness of regions and businesses and boosting employment growth;
- raising the level of social, economic and territorial cohesion.

The national goals set out in the 2004-2006 NDP and the draft 2007-2013 NDP were subsequently taken up in the draft 2005-2008 National Reform Programme, a document presenting the measures, which the Polish government intended to take during the 2005-2008 period to achieve the fundamental goals of the *relaunched* Lisbon Strategy. The NRP is also a summary for the period up to 2008 of social and economic government measures included in key programmes and in the draft budget for the period. Implementation of such measures is intended to support financially, economically, socially and environmentally balanced development of the country, hence narrowing the development gap between Poland and other EU countries.

The National Reform Programme sets the *maintenance of a high rate of economic growth conducive to the creation of new jobs* as a goal for 2005-2008. Analysis of the social and economic situation suggests that reforming public finances, creating conditions for the effective use of the European Structural Funds, stimulating innovation and entrepreneurship in the business sector, promoting employment and supporting measures to limit unemployment are essential conditions for faster economic and employment growth.

The Minister for Economic Affairs and Labour was in charge of preparing the National Reform Programme and, as Poland's "Mr Lisbon", coordinating the Lisbon process. He will also be responsible for coordinating the implementation and monitoring of the NRP and presenting the Council of Ministers with information on its progress every year.

The process of preparing the NRP took into account contributions by the social partners and representatives of the Polish Parliament and Senate, and social consultation began on 22 June 2005 with a national conference attended by a wide range of representatives from scientific, academic and specialist circles, associations of businesses and employers, trade unions and non-governmental organisations. Broad social consultation on the NRP was launched in August by the Interdepartmental Group on preparation for the 2007-2013 National Development Plan.

The preliminary draft of the 2005-2008 NRP was submitted to the European Commission in early November 2005, and received a positive assessment.

After interdepartmental and social consultation, the final draft of the NRP was submitted to the European Commission on 28 December 2005.

2. The role of the social partners

The Polish social partners are very actively involved in the implementation of the Lisbon Strategy - both at European and national level - through the Tripartite Commission for Social and Economic Affairs, which is the main Polish channel for national dialogue, and serves as a forum for social dialogue to reconcile the interests of employees, employers and the State.

The Polish Tripartite Commission for Social and Economic Affairs has a traditional tripartite structure and comprises representatives of the government, employees and employers. In addition, representatives of organisations such as NGOs, the Polish National Bank and the Central Statistical Office take part in the work of the Commission and have a consultative vote.

Moreover, the presence of Polish social partners represented in the Tripartite Commission in forums for dialogue at European level, such as the European Economic and Social Committee and Sectoral Dialogue Committees, in ETUC, UNICE, UEAPME, CEEP and CESI, as well as in sectoral organisations, ensures a more rapid transfer of information between national social dialogue organisations, besides making it possible to coordinate activities more closely and to influence EU decisions.

In order to ensure that social partners have better access to legislation at EU level, under the Trade Unions law of 23 May 1991 and the Employers' Organisations law of 23 May 1991 Polish social partners have the right to express an opinion on draft legislation and accompanying implementing provisions in the areas which fall within their remit. Under these Laws, the government has the obligation to submit drafts for national legislative acts to the social partners for their opinions.

Moreover, representative employees' and employers' organisations within the meaning of the Law of 6 July 2001 on the Tripartite Commission for Social and Economic Affairs and regional social dialogue committees have the right to present opinions on EU consultative documents, in particular white papers, green papers and communications, together with draft EU legislation in areas which fall within the remit of trade unions and employers' organisations. In order to streamline and coordinate the consultative process, an EU Consultative Group has been set up within the Tripartite Commission. This group, which operates within the Bureau of the Tripartite Commission, comprises experts from each of the organisations represented on the Commission. Its tasks include consultation and submitting questions on EU matters to the government.

In addition, a group has been set up within the Tripartite Commission to deal with problems related to the Structural Funds; the tasks of this group include providing support for the process of preparing Poland to make use of EU Structural Funds, conducting evaluations of the draft programming documents and of the use of Structural Funds, submitting opinions and position papers on individual operational programmes to institutions managing the programmes, and making comparisons with the experiences of other countries in using the Structural Funds.

It should also be mentioned that representatives of employers' and employees' organisations included on the Tripartite Commission are actively involved in the work of 10 EU Structural Fund Operational Programmes Monitoring Committees and 12 Steering Committees.

Activity by the Tripartite Commission for Social and Economic Affairs in 2005 in connection with implementation of the Lisbon Strategy

Plenary Sessions of the Tripartite Commission

- 28 January 2005 - debate on the 2007-2013 National Development Plan (beginning of the national debate -during the Commission's plenary session)
- 27 June 2005 - plenary session on the first year of EU membership - discussion on:
 - participation by social partners in the European institutions,
 - legislation at EU level,
 - a comparison of structural indicators of individual EU countries, in accordance with the Integrated Guidelines of the Lisbon Strategy (launch of the debate on the 2005-2008 National Reform Programme)
- discussion under the auspices of the Tripartite Commission on employment and social inclusion policy solutions, for example:

- issues arising from the 2005 National Action Plan on Employment, identifying employment tasks connected with the European Employment Strategy
- issues arising from the 2004-2006 National Action Plan on Social Integration, implementing the National Social Integration Strategy .

Activities of Tripartite Commission groups set up to deal with specific problems:

The Tripartite Commission is competent to set up standing and temporary groups, aimed at drafting joint position papers and opinions on specific problems. There are currently 10 groups operating within the Commission, dealing with the following areas: social security; labour law and collective agreements; budget issues, salaries and benefits; economic policy and the labour market; developing social dialogue; public services; cooperation with the ILO; EU Structural Funds; consultation on the Revised European Social Charter; consultation on EU matters.

In 2005, subjects discussed by the groups included the following:

- employment policy:
 - discussion on flexible forms of employment as a means of reducing unemployment - the issue of revising the Temporary Workers Law;
 - issues connected with the creation of the knowledge-based society - improved tertiary education, employee training, continuing education.
- issues connected with EU legislation:
 - consulting employees and keeping them informed,
 - draft directive on services in the internal market (*information from the EU consultative group*),
 - proposal for a directive amending Directive 2003/88/EC concerning certain aspects of the organisation of working time (*information from the EU consultative group*).
- social insurance and pension funds:
 - consultation on the National Pensions Strategy - an Adequate and Stable Pensions System, prepared by the Ministry for Social Policy.

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PORTUGAL

1. Starting point

Since the Lisbon Strategy was adopted by the European Council in the year 2000, its principles have been supported by the various Portuguese governments and economic and social players, although until recently no objective policies had been formed for implementing this strategy. At European level the situation was no different, as revealed in the European Economic and Social Committee (EESC) Opinion's analysis of October 2004 and the Wim Kok Report of November in the same year. The European Council meeting on 22 and 23 March 2005 decided to re-launch the Lisbon Strategy, focussing its priorities on growth and employment through National Reform Programmes and the appointment of national coordinators by every Member State. In addition, the EESC called for an interactive network with Member States' economic and social councils (ESCs) to inject dynamism into civil society initiatives.

This document is part of the Portuguese contribution to this network.

2. The Portuguese national reform programme

The persistent slowdown in the Portuguese economy since 2001, a certain amount of governmental instability and restrictive policies targeting budgetary consolidation have all meant that it has been difficult for the Portuguese authorities to take on board the Lisbon Strategy completely.

The current – majority - Portuguese government took up office in March 2005 and the principles of the Lisbon Strategy have either explicitly or implicitly been incorporated into its programme. In July the government appointed its National Coordinator for the strategy, who presented the National Reform Programme – the **2005–2008 National Action Programme for Growth and Employment (PNACE)** in Brussels in October.

This programme is designed to provide a reference framework for strategic government, aimed at securing economic growth and job creation against a background of sustainable public accounts, social cohesion, competitiveness and sustainable development. The National Action Programme is the Portuguese response to the challenges laid down by the March 2005 European Council; it comprises 125 measures for change and reform, providing a framework for some of the main government programmes and action plans which have a direct impact on growth and employment, namely:

- the **2005–2009 Stability and Growth Programme (PEC)**, presented by the Portuguese government to the European Commission, which aims to remedy structural imbalances in the Portuguese economy, particularly in public finances. Between now and 2008, its main aims include trimming the public deficit to 2.8% of GDP, boosting growth to 2.6% of GDP and attaining an overall employment rate of 69%;

- the **2005-2009 National Employment Plan (PNE)**, which is designed to overcome the cyclical and structural constraints on the labour market in Portugal, with measures to create jobs and prevent and counter unemployment, anticipate business restructuring, boost the qualifications of the work-force and modernize the social protection system;
- the **Technology Plan (PT)**, which aims to prepare and train the Portuguese people for the knowledge society, catch up in terms of scientific and technological development, and breathe new life into innovation through policies which encourage the creation, diffusion, assimilation and use of knowledge as a lever for transforming Portugal into a dynamic economy able to assert itself in the world economy.

3. The changes required

After a long period of growth and convergence towards the European average, the Portuguese economy began to slow down sharply from 2001 onwards; the various factors underlying this slowdown were both domestic and international, cyclical and structural.

They include the effects of the globalisation of international trade and the restructuring of the industrial fabric, an aging population, imbalances in the educational system and the need for new responses to the challenges posed by competition.

All this resulted in stagnation hallmarked by weak economic growth, a large public deficit, rising unemployment, a slump in investment, a loss of competitiveness and a burgeoning public debt. The divergence from the EU averages in economic and social performance worsened. Social conditions deteriorated and inequalities sharpened.

The programmes approved by the Portuguese government in 2005 aim to respond to the various challenges facing the country over the last few years, namely by restoring macroeconomic stability (Stability and Growth Programme), creating jobs and improving training systems (National Employment Programme) and making best use of elements of national competitiveness, especially knowledge and qualifications, and scientific research and innovation (Technology Programme).

The Government announced that the programmes adopted target the medium and long term, which means that hold-ups caused by electoral cycles should be minimised, and that social consultation between the various economic and social players involved should be stepped up.

However, the government has not yet managed to mobilise or restore the confidence of economic operators, hence the reactions to the measures already announced or implemented, above all those concerning the sustainability of public finances, although it is well-known that public opinion is more understanding of the need to adjust to the changes taking place in the world today, where intelligence, knowledge and innovation increasingly predominate.

4. The economic and social players

The various reform programmes adopted by the Portuguese government under the Lisbon Agenda were not the result of wide-ranging discussions with the social partners; this was most certainly down to government timetabling, since the government took up office in March 2005 and the first priority it set itself was to renegotiate the **2005–2009 Stability and Growth Programme** with the European Commission.

The social partners took part in the preparations for the **National Employment Plan**, but they played **no part in the preparations for the Technology Plan**.

Lastly, the 2005–2008 National Action Programme for Growth and Employment, drawn up by the National Coordinator for the Lisbon Strategy and approved by the Portuguese government, was only presented to the social partners for information a few days before being presented to the European Commission.

The Portuguese ESC, which comprises representatives of the social partners and other civil society organisations, was not asked to contribute to the preparation of the above-mentioned documents, although it had issued an own-initiative opinion on the Lisbon Strategy on 24 May 2005.

The lack of involvement of the economic and social players in the preparation of these documents is not, in itself, positive. However, there are signs that they will be more involved in the coming years.

Some social partners issued their views on this issue in July 2005:

- the Confederation of Portuguese Industry (*CIP*) published a mid-term evaluation document on the Lisbon Strategy, defining the priorities which should be considered when devising the 2005 – 2008 National Reform Programme;
- the Portuguese Confederation of Trade and Services (*CCP*) issued a document with proposals concerning the National Employment Plan.

Since the National Action Programme for Growth and Employment was presented in Brussels, the social partners have not yet made known their reaction to this document, with the exception of the General Workers' Union (*UGT*). Without disagreeing with the programme, the *UGT* regretted that the social partners had not been involved in its preparation and that there were no quantifiable objectives laid down in the measures proposed.

A meeting is planned between the National Coordinator for the Lisbon Strategy and the Portuguese ESC Plenary, with a view to presenting the National Action Programme to a wider audience, so as to look into ways that the institutions and associations represented on the ESC can help improve the Programme's implementation.

This meeting will certainly help inject energy into the process and provide incentives for the consensus needed to meet the economic growth and employment challenges currently facing Portugal and also, on a wider scale, the other countries in the European Union.

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SLOVENIA

Strategic framework for the drawing-up of the programme and consultation. The Reform Programme for Achieving the Lisbon Strategy Goals is based on Slovenia's development strategy (SDS), which the government of the Republic of Slovenia adopted in June 2005 as a major national strategic programme⁶. The main theme of the strategy is to offer comprehensive welfare for all individuals. It focuses not just on economic issues, but also deals with social, environmental, political, legal and cultural matters. Thus, in terms of its content and goals, the SDS is also a strategy on the sustainable development of Slovenia. It places the goals of the Lisbon Strategy in a national context, and, in doing so, takes into account the specific opportunities and handicaps which Slovenia faces in its development⁷.

Following the adoption of the strategy, the government appointed a special working group of experts (the Reform Committee) and gave it responsibility for drawing up proposals on the economic and social reforms required to implement the SDS. The Committee presented its first proposal to the government in October 2005. This was followed by numerous discussions, some of which were held at the Economic and Social Council and with representatives of trade unions and employers. The Committee modified the proposal on the basis of those discussions, and the government adopted it as a framework for economic and social reforms aimed at increasing welfare. The government also decided that the measures discussed as part of the social dialogue would constitute their proposal in the negotiations to reach a new Social Agreement.

Given that final shape of the proposed reforms has not yet been decided - they are still being discussed by the social partners, and consultation of interested members of the public in preparation for legislation is still ongoing - the government drew up the *Reform Programme for Achieving the Lisbon Strategy Goals* primarily on the basis of the current SDS, as well as those parts of the proposed reforms which, in the discussions so far, were considered the least contentious. It decided that formal consultation on the document would be carried out once the wider framework for economic and social reform had been established. Therefore and in order to meet the prescribed deadline, the government was compelled to present the *Reform Programme for Achieving the Lisbon Strategy Goals* in Brussels before the consultation process had been concluded. However, it emphasised that the document was not yet complete, and pledged that it would present a report on the consultations being held at a later stage.

Public discussion on the draft SDS. The Government of the Republic of Slovenia adopted the draft SDS in June 2004. This was drawn up in collaboration with a wide range of experts. However, such

⁶ The Institute of Macroeconomic Analysis and Development drew up both documents. The Government has given the Institute responsibility for the Lisbon Strategy.

⁷ All documents relating to the drawing up of the strategy and the reform programme can be found in English and Slovene at <http://www.gov.si/umar/>.

collaboration was not considered enough on its own to ensure the broadest possible social consensus. Therefore, a wide-ranging public debate was held in recognition of the fact that the expert findings and guidelines for development presented in the draft strategy had to be approved through public debates. These were launched at a consultation with the Prime Minister, which took place at the beginning of July 2004 and was attended by representatives of economic, scientific, cultural, and other social groups. Numerous independent discussions in the media and by various stakeholders followed this. The draft strategy was also examined by the Economic and Social Council. However, the main discussions took place in the secretariat of the "Council for Sustainable Development", which the government had entrusted with preparing five topical debates involving representatives of individual social groups (employers, employees, non-governmental organisations, social activity, regional and local interest groups). The purpose of those discussions was to draw up proposals that would be incorporated into the final version of the overall strategy.

Following its examination of the draft SDS, the Economic and Social Council declared that the strategy did not adequately highlight the role and importance of social partnership. From the wider public debate, which also involved non-governmental organisations, it was also concluded that, in Slovenia, social dialogue is still considered first and foremost an activity carried out by the Economic and Social Council. Non-governmental organisations, however, believe that they also have a role to play in social dialogue. This should involve a wider circle of people and not just "active members of the public". They called for the strategy to reflect their larger and more active role.

Report on the public debate. Following the conclusion of the public debates, the Institute of Macroeconomic Analysis and Development drew up a report in January 2005, which summarised the main points made in the debates. It also listed recommendations made to the government on how to achieve the aims set out in the various chapters of the strategy⁸. The main message that emerged from the public debates was that the strategy's aims had been laid down in quite broad terms. The government was expected to set out the proposed aims and measures more concretely in the final document, and to issue an unambiguous political pledge that it will implement the strategy. It was also suggested that the role of social dialogue and the tertiary sector should be emphasised and clarified.

The Institute of Macroeconomic Analysis and Development drew up the final version of the strategy in collaboration with heads of expert groups. It is based on the essence of the recommendations put forward in the course of the public debates, as well as the suggestions and contributions made by various ministries and the government's strategic councils. The document was reviewed at a special "discussion on the future", held by the Prime Minister. It was established that the strategy's main guidelines and measures were supported by a wide range of experts and political parties. The Government of the Republic of Slovenia adopted the strategy on 23 June 2005. It sets out a clear vision and list of aims for the development of Slovenia. This includes five priorities and an action plan for their implementation in 2005 and 2006.

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All the written opinions and records of the formal meetings, as well as the report itself, are available on the internet.

Public debate in preparation for the proposed Reform Programme for Achieving the Lisbon Strategy Goals. In 2005, numerous public debates on the Lisbon Strategy were held. The revised Lisbon Strategy was also discussed at the ordinary meetings of the working bodies of both the Slovenian Parliament and the Economic and Social Council. The Slovenian Chamber of Industry and Commerce held a public debate during the Third Slovenian Business Week in April, and also put forward concrete proposals and opinions on individual subjects relating to the reform programme. The key message was that the programme had to focus on priority measures that would enhance the competitiveness of the business environment quickly and effectively. In addition, a public debate enabling representatives of the government, the sciences, business and civil society to present their views on the Lisbon Strategy was held in the Slovenian Parliament as part of European Week in May.

The social partners were invited to put forward concrete proposals on the reform programme at a meeting of the Economic and Social Council before work on the document began. The Reform Programme for Achieving the Lisbon Strategy Goals was drawn up on the basis of Slovenia's Development Strategy, as well as programmes and plans put together by the relevant ministries. It also incorporates concrete proposals and recommendations made by representatives of business, the sciences and other interested members of the public.

Discussion of the Reform Programme for Achieving the Lisbon Strategy Goals. Discussion of the programme was scheduled for the beginning of September, but this proved impossible due to the fact that the Reform Committee's recommendations had not yet been drawn up. Thus delaying their incorporation into the Reform Programme for Achieving the Lisbon Strategy Goals. Therefore, the first discussion of the Reform Committee's recommendations at the Economic and Social Council took place in October. The social partners added several concrete proposals, some of which were included in the Reform Programme for Achieving the Lisbon Strategy Goals. However, measures that the trade unions explicitly opposed were not included in the programme. The Reform Programme for Achieving the Lisbon Strategy Goals was also discussed by the relevant Committees of the Slovenian Parliament at the beginning of November. Both the Committee on Economic Affairs and the Committee on EU Affairs studied the programme, and issued resolutions in support of its overall aims. These resolutions highlighted the need for the government to organise itself in such a way that it could implement the reform programme, once adopted, in an effective and coordinated manner.

Involvement of the social partners in the development of the Reform programme on the Lisbon Strategy. The social partners examined the programme at the December meeting of the Economic and Social Council. They emphasised the need to involve all social partners in the drawing up of the strategy, as part of a constructive social dialogue. Otherwise, the task would be difficult to accomplish. Therefore, the Economic and Social Council did not formulate a concrete position on the reform programme, but instead recommended to the Government that it involve the social partners on an equal basis in any further activities. Involvement should start early on, while the strategy, and the subsequent policies and action programmes, were still being discussed.

Employers supported the strategy, but expressed reservations as to whether the proposed steps to create a more cost-effective and efficient government would be adequate. They also pointed to a lack

of measures for reducing the size of the hidden economy. The Slovenian Chamber of Commerce and Industry believes its main role lies in the implementation of the measures set out in the programme. Therefore, it is drawing up its own action plan in line with the aims of the revised Lisbon Strategy and the Reform Programme. This has initially been set out for 2006, on a quarterly basis. In October, a European Regional Forum was held with the support of the Chamber of Commerce and Industry (via the Slovenian Business and Research Association in Brussels), with the aim of ensuring the successful implementation of the Lisbon Strategy at regional and local level through the exchange of positive experiences and best practices.

Trade unions disagreed with some of the points listed in the programme. Doubts were raised over employment policies, particularly measures to increase labour market flexibility. In their view, these would lead to a curtailing of social rights. Unions also opposed the planned discussion on the introduction of a flat-rate tax and stressed that the social partners needed to be consulted on changes to wage policy. They also highlighted the lack of appropriate re-training programmes for workers who have lost their jobs. The unions could not support the programme in its present form, nor would they accept any responsibility for its implementation.

Further steps. In November the Government of the Republic of Slovenia adopted a decision on the creation of a Government service to coordinate and monitor the implementation of Slovenia's Development Strategy. The service will coordinate the implementation of the SDS, the Reform Programme for Achieving the Lisbon Strategy Goals, and the wider framework of economic and social reforms aimed at improving welfare in Slovenia. The government also adopted its preliminary position on the Social Agreement, incorporating therein all the essential elements of the proposed reforms, the final version of which will be published once negotiations on the Social Agreement, consultation of interested members of the public and the subsequent adjustments to the relevant legislation have been concluded.

In addition, the social partners (employers and employees) will, where necessary, adopt and carry out their own operative programmes on the implementation of the Reform Programme for Achieving the Lisbon Strategy Goals in Slovenia.

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SLOVAKIA

1. Slovakia's National Lisbon Strategy

Slovakia is a country with an exceptionally well-educated and creative people, with flourishing science and technology sectors constantly originating innovative products and services of outstanding quality.

In the past fifteen years, the Slovak economy has undergone enormous changes. Three of the most important are: transformation from a centrally planned to a market economy, full EU integration, and implementation of profound structural reforms. The main aim of the strategy is absolutely clear: to ensure that Slovakia's living standards catch up as quickly as possible with those of the EU's most developed countries.

Slovakia's strategy rests on two main pillars:

- bringing structural reforms to a successful conclusion and sustaining their achievements
- focusing systematically on fulfilling the development part of the Lisbon Strategy.

Local and regional governments should also play their own distinct role in fulfilling the strategy, doing all they can to foster growth in all the different parts of Slovakia, while making sure not to jeopardise rapid growth in the country's overall performance. This is also why resources from the EU Structural Funds should be primarily invested in boosting the competitiveness and growth of the Slovak economy as a whole.

1.1 Completing the structural reforms and maintaining their beneficial results

Vital structural reforms lie at the heart of the Lisbon Strategy. The most important areas concerned include: administration of public finances, taxation, health care, social welfare system, labour market, pensions, funding for education, and public administration.

Macroeconomic and fiscal areas:

The key goals and principles here are:

- improving the functioning of the market economy and minimising market intervention
- cutting the public expenditure deficit
- refraining from increasing economic redistribution
- maintaining a transparent and neutral taxation policy.

Social sphere

Key principles and goals:

- stressing the joint responsibility of the individual and his family for solving their problems
- avoiding social policy that creates disincentives for individual activity and creativity
- reducing absolute poverty
- maintaining an effective social network
- maintaining a flexible labour market.

Health care and pensions

Two key principles:

- maintaining a balance between the principle of ensuring fundamental rights and human dignity and that of merit
- making sure long-term economic sustainability of the health care and pension system is not endangered.

1.2 Priority development areas

There is only one way of securing Slovakia's competitiveness over the long term: creating conditions in which a knowledge-based economy can develop. This is why the development part of our strategy must focus on four areas:

- the information society – IT literacy, effective e-government, and widespread internet access
- science, R&D and innovation – training and support of talented scientists, research meeting international standards and interconnected with the business sector, and effective state support for business activities geared to R&D and innovation
- business environment – high degree of law enforcement, public institutions as partners and not as a liability, effective access to the capital market for all businesses, high-quality physical infrastructure and services in the network industries
- education and employment – modern education policy, achieving high level of employment, coping with population ageing.

2. A Lisbon Strategy for Slovakia

In 2005 the Slovak government passed a Lisbon Strategy for Slovakia until 2010, the National Programme of Reforms in Slovakia for 2006-2008, and the Convergence Programme for Slovakia to 2010.

The Lisbon Strategy is also a great challenge for Slovakia's economic and social partners.

The National Lisbon Strategy for Slovakia rests on two key pillars:

The first stresses the need to complete structural reforms and to maintain the present economic policy and the Slovak economy's relatively high growth (GDP growth of over 5% for the period 2006-2008).

The second pillar – building a knowledge-based economy – is targeted at sustaining the Slovak economy's high growth by increasing employment, education, productivity and, in turn, salaries and living standards generally.

The crucial element in all of this will be how these priorities are financed from public, private and EU funds.

Public expenditure has budgeted for these development priorities in part, but not to the extent required.

Equally, Slovakia's take-up of money from EU Structural Funds is limited. On this question, the economic and social partners welcome the approval of the Financial Perspective for 2007-2013 as a compromise basic framework for the EU budget.

The development of Slovakia's economy has got off to a good start and its high real growth in terms of GDP is continuing. The poor labour market situation persists, however, despite a slight fall in unemployment. The risks presented by the employment trends (or the absence of a drop in unemployment) are evident in the differing demographic trends in Slovakia's regions, where relatively low population growth continues and is, moreover, unfavourably structured. In addition to this, the Slovak education system is demotivating and the social policy being implemented is irrational.

We consider it important for economic and social policy to respect a balance between the market and the state. Where the market fails, the state must step in. The relationship between business and the state should be based on expertise and ethics, on improving communication between the two sides, and improving awareness of the impact of reforms on the public and its standard of living.

Business casts a somewhat critical eye on delays in reforms in education, the judiciary and health care.

The economic and social partners in Slovakia are aware that a whole batch of specific measures arising from the Lisbon Strategy needs to be implemented and they want to play an active part in this.

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FINLAND

1. National-level implementation of the Lisbon Strategy

Starting point and challenges

In terms of certain key macroeconomic indicators, Finland is currently performing better than the average for all EU countries. GDP per capita, labour productivity and the employment rate are higher than the average for the EU15. Furthermore, the growth rates of productivity and employment, and hence that of GDP, have also been higher in recent years. This state of affairs reflects the significant reforms implemented by several successive governments in the midst and aftermath of a very deep economic crisis in the early 1990s. The key elements of the economic strategy adopted were:

- (1) improving price competitiveness through macroeconomic policies,
- (2) consolidating public finances through spending cuts, and
- (3) a large and sustained increase in public expenditure on research and development.

More recently, there have been significant cuts in labour taxes. These measures have helped the economy to achieve a rapid rate of growth and have brought about a structural change from a resource-based economy to one in which ICT production plays a major role.

Nevertheless, structural unemployment is still high and the employment rate remains at a level considerably lower than in the neighbouring Nordic countries or prior to the crisis in Finland. Productivity in the services sector also appears to be lagging behind in relation to the other EU countries. Secondly, the Finnish population is ageing at a pace that is among the fastest of all EU countries. This puts substantial pressure on the labour market and public finances. Thirdly, the Finnish economy could be more vulnerable than most European countries to competition challenges from the emerging economies owing to its specialisation in manufacturing and, within that sector, to some extent in products facing very intense competition.

To meet these challenges, productivity growth has to accelerate and the employment rate must increase. Furthermore, to enable the provision of adequate public services for the ageing population, the efficiency of services production needs to improve. A small economy that does not enjoy the advantages of either large home markets or resource base and with a society with a strong preference for equality can best achieve these objectives through further improvements in human capital, levels of technology, openness of the economy, and through a capacity to adjust quickly to emerging competitive pressures. Finland's reform programme is built on these premises.

Macro policies

In the macro policy realm, the basic objective is to sustain strong public finances in the forthcoming years to make room for the necessary future welfare expenditure without needing to increase taxes. Confidence in the sustainability of public finances also has a direct beneficial effect on consumer confidence and consequently also on consumption in the shorter term.

Public expenditure will be kept in check by several measures:

- (1) a spending ceiling on a large percentage of central government expenditure;
- (2) a productivity action programme;
- (3) an essential services programme;
- (4) municipal and service structure reform. The pension reform, implemented as of 2005, is a key measure in the attempt to reduce the future burden of pension expenditure and, at the same time, makes a valuable contribution to labour supply.

Micro policies

Micro policies are aimed primarily at increasing the level of knowledge and innovation while at the same time promoting entrepreneurship and competition in the goods market.

The programme sets the aim of increasing public expenditure on R&D by 7% per year until the end of the decade. The aim is to raise total R&D expenditure to 4% of GDP from the current 3.5 %.

Several measures are adopted to encourage the formation of clusters of excellence in research and development. A special programme will be created to make it financially possible for research units to attract top foreign scientists. Universities are encouraged to specialise and the structure of the public research system will be developed and focused in order to improve its efficiency.

Entrepreneurship is promoted by means of a horizontal policy programme. The reform of corporate and capital income taxation is complemented by special measures to help innovative firms to grow. For that purpose, a new public venture capital fund has been created. The reforms will also cover regulatory procedures, advisory and consultation services and entrepreneurs' social security.

Employment policies

Employment policies focus on the one hand on reducing structural unemployment and, on the other, on lengthening labour market careers. For both purposes, the policy of reducing taxes of earned income will be continued through the current electoral period. This will result in a reduction of marginal tax rates by an average of two percentage points.

Some specific measures are aimed at increasing demand for less-skilled labour. The non-wage labour costs to the employers of employees over 53 years of age and earning less than EUR 2,000 a month

will be reduced by a special scheme as of 2006. The tax deduction for household services will also be increased.

Active labour market measures targeting the long-term unemployed will be increased while making the payment of the flat-rate labour market support conditional on participation in activation measures. The financing arrangement will be reformed to improve municipalities' incentives to activate the recipients of such support.

Occupational and regional labour mobility will be promoted by various measures ranging from improving the planning of educational needs, and creating a scheme under which vocational qualifications can be obtained by a simple system of work-place training, to policy initiatives to reduce housing shortages in the main growth centres.

Measures to lengthen labour market careers focus both on the starting point and the point of retirement, with an emphasis on the latter. Through intensified tutoring, comprehensive school-leavers are encouraged to continue education immediately after leaving school. The application and selection procedures are simplified to make entry into universities faster. Additional tutoring and financial incentives are used to shorten the long - by international standards - study times.

The pension reform, which creates a substantial financial incentive for staying in employment after the age of 62, is the key measure for postponing retirement. It is complemented by a series of programmes aimed at developing working life and employee competences so as to make a longer stay in employment attractive and feasible.

2. The role of economic and social players

The drafting of Finland's reform programme was based, apart from the Government's programme of 2003, on two projects initiated by the Prime Minister and carried out in 2004:

- (1) The Finland in the global economy project, which analysed the opportunities and challenges created by globalisation for the Finnish economy and made a large number of policy recommendations, and
- (2) The Government's report to Parliament on the Future, concerning the ageing of the population and preparing for it. Both projects, the first one in particular, involved extensive consultation with the social partners and with civil society more broadly. There were, for example, 20 branch-level dialogues between employer organisations and unions, some of which have continued even after the project as such was finalised.

The preparation of the reform programme, which formally started in early June, took place under the political guidance of the Cabinet Committee on Economic Policy. Several ministries were involved in drawing up the programme, led by the Ministry of Finance and coordinated by a coordination group.

Stakeholders contributed to drawing up the programme in several ways. First, the coordination group met with the representatives of social partners in a series of meetings in August. Social partners were informed about the programme's starting points and they made some broad suggestions with regard to the contents.

A broad-based seminar, with 180 participants, took place on 1 September to discuss the Finnish programme. The participants represented social partners, innovation organisations, local government authorities and various branches of central government. The Government, led by the Prime Minister, presented the Government's key positions with respect to advancing the Lisbon objectives. Three different themes were discussed in detail in parallel sessions and a final discussion summarised the views expressed by the various stakeholders.

On 21 September, a draft programme was discussed in the Economic Council, consisting of representatives from the highest level of labour market parties, entrepreneurs, farmers, the central bank, local government authorities and key ministers in the economic policy area. The draft was generally well received. No major revisions were suggested.

On 30 September, a seminar was organised to discuss the Lisbon agenda more broadly (not only Finland's national programme). The participants represented not just social partners but also the civil society more broadly.

Several parliamentary committees discussed the reform programme as of the beginning of October.

The consultation process has deepened common understanding of the main challenges posed by the ongoing globalisation process and increased consensus about the strategy based on investments in R&D and human capital, openness and ability to adjust. The broad consensus is especially welcome, as the programme extends beyond the current electoral cycle.

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SWEDEN

Consultation with organised civil society on the National Reform Programme (NRP)

The NRP consultation cannot be seen in isolation from the normal dialogue between government and different stakeholders in various policy areas.

It should also be mentioned in this context that the regional partnerships linked to the regional growth programmes (and the Structural Funds) are cross-sectional. Their composition reflects the whole range of stakeholder organisations in the public, private and non-profit sectors.

Involvement of social partners

The Swedish labour market is characterised by a well developed social dialogue with the Confederation of Swedish Enterprise (SN) and the organisations for municipalities and counties on the employers' side, and LO, TCO and Saco representing workers. The social partners play a central role in the Swedish labour market in facilitating restructuring and adaptability for employees and businesses.

Regular consultations take place between the government and the social partners on employment and social policies. This consultation framework also addresses EU related issues in relation to national policies, e.g. the European employment strategy, and other important EU initiatives.

The social partners were consulted as soon as the preparation process for the Swedish NRP consultations was launched. The social partners were asked to present their priorities and suggestions.

The social partners made an attempt to come up with a common proposal for the NRP but did not succeed.

As a consequence the two sides of industry made their own specific proposals, both at a meeting in the presence of representatives from the European Commission and at a seminar on the NRP organised by the Government.

On the one hand, the employers stressed the need for further action to cut red tape, make it easier for industry to operate across borders, implement at last the long-awaited European patent, and further promote research and development.

On the other, the trade unions stressed the importance of maintaining the three “pillars” of the Lisbon Strategy: economic, social and environmental policy. Another general view is the need to complement the Lisbon Strategy with sufficient demand. Supply side measures will not produce growth and employment unless accompanied by adequate aggregate demand.

The trade unions have also highlighted policies to combine family and working life, and stressed that skills development and an improved working environment are especially important for “active ageing”.

In the NRP the agreement on industrial development and competitiveness (industriavtalet) is highlighted as an example of good practice. Employer organisations and industrial trade unions have agreed that wage bargaining should operate within the constraints of the economy in order to strengthen competitiveness. This should be supported by giving priority to research, innovation and training. Measures include, for example, boosting sectoral research programmes; stepping up exchanges between industrial, research and educational institutions; a new structure for training engineers; and enhanced vocational training.

Other civil society organisations

During the preparatory phase, specific discussions were held with environmental and youth organisations. The reason for the discussions with the former is the fact that sustainable development is an overarching goal for the Swedish NRP, and is not confined to environmental policies. The discussions with the latter were a follow up to the European Youth Pact. Specific ideas for implementing the Pact were discussed, as well as ways of informing and consulting young people about the Pact in the future. Employment is a priority and the youth perspective should be mainstreamed in the EES. It is of the utmost importance to integrate young people of foreign origin and combat discrimination. Validation of non-formal and informal learning as well as entrepreneurship were other important issues raised.

However, in order to include a broader spectrum of civil society organisations, the government organised a specific seminar and asked the organisations to submit their priorities. The only tangible outcome of that specific consultation process in the NRP is that social enterprise is highlighted as an important way of integrating vulnerable groups in the labour market. These enterprises enable the transition from passive maintenance support to rehabilitation, training and work, focusing upon entrepreneurship and empowerment.

The Swedish NRP – general comments

The Swedish NRP still looks more like a Government activity report than an action programme based on input from the relevant stakeholders. It was prepared in tandem with the budget for the year 2006, and therefore reflects the Government's political priorities and proposed actions.

It often overlooks the fact that there is considerable input from the private sector and civil society organisations both in terms of preparing policies and their implementation.

As stated above, regular consultations have always taken place with the social partners. However, a slow process of involving and talking to stakeholders other than the social partners really got off the

ground with the advent of the EES and the Lisbon Strategy. The Swedish national action plan for social inclusion is a relatively good example of best practice in this respect.

The mid term review appears to have accelerated the process of finding ways to involve not only the social partners but also other civil society organisations.

This process is enhanced by the fact that the NRP is based on a three year cycle. One of the conclusions of the specific seminar referred to above was that the consultation procedure must be developed further and be more in tune with the different Lisbon Strategy priorities and guidelines. It must also involve the most relevant stakeholders for each guideline (or group of guidelines).

Specific comments

There is some frustration among civil society organisations as input from civil society has not been taken on board in the NRP.

The social partners consider their experience with the National Action Programmes for the European Employment Strategy as a very good example of how the coordination process can work. On that occasion, the social partners were asked to submit their own texts. An attempt to find common ground for both sides of industry ought to be a permanent goal of social partner involvement. The Swedish social partners' priorities for active participation in planning and implementation may differ from the situation in some other countries; in Sweden, the social partners have a very specific role and responsibility for implementing the Lisbon Strategy.

The Swedish organisations for non formal learning (folkbildningsförbunden) made a proposal to boost life-long learning, but this was not taken on board.

Furthermore, in many cases organisations are not even being mentioned, e.g. consumer organisations' views on consumer policies.

Concluding remarks

This was the first year of a new process and a different ministry was made responsible for the Swedish National Report, compared to the previous employment reports. Even so, experience shows that further, closer involvement of the social partners will be a very important part of the process ahead. Some criticism can be made, such as the non-involvement of the Swedish Parliament. The relevant debate in the Swedish Parliament took place only after the NRP had been submitted to the European Commission.

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UNITED KINGDOM

The Trade Union Congress (TUC) comments:

"Unlike in many other European Union Member States, the UK has no formal system of social dialogue on workplace matters. We have ad hoc bodies, such as the Low Pay Commission or the Manufacturing Forum, that are set up for specific, limited reasons (and sometimes for limited timespans), but social dialogue is not the rule in the UK. On the European Employment Strategy earlier this year (2005), government officials from the Department for Work and Pensions draw up a statement, setting out how they believe the UK government was implementing it. This was sent to the CBI, TUC and CEEP-UK for comment and amendment. There was, however, no formal meeting. Typically in such procedures, we propose some amendments on issues of major importance to us, and usually make the point about a lack of social dialogue as part of our response.

Our assessment of the final National Reform Programme is that it broadly reflects government policy, which we support in general terms, especially regarding the UK's achievements on inflation, job creation and its meeting of the central Lisbon targets. There are specific policy areas, such as working time, where we have specific criticisms of government policy. However, we regret the fact that a proper social dialogue procedure has not been established for implementing the National Reform Programme. This way of working does not allow for a concrete trade union submission."

The Confederation of British industry (CBI) comments:

"The CBI fully supports the way that the National Reform Programme has been developed in the UK. Its overall assessment of government policy is accurate and CBI members believe that their views have been fully taken in to account. The CBI does not see the need for formal social partner arrangements to develop the NRP. Indeed, the way in which the NRP has been developed reflects the government's wider commitment to consultation with stakeholders. We believe this has allowed employers and employees to contribute to the process effectively."

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**CONTRIBUTION FROM
TWO CANDIDATE COUNTRIES**

BULGARIA

1. **Implementation of the Lisbon Strategy at national level**

1.1 *Political conditions and priorities*

The Bulgarian government and the stakeholders fully support the implementation of the Lisbon Strategy. Therefore the goals and priorities of the Lisbon Strategy are placed in the key national programme documents such as: The National Development Plan (2007-2013), The National Operative Programmes; The Regional Plans; The National Strategy for the Development of Small and Medium Enterprises (2002 – 2006); The Innovative Strategy; The Strategy for the Promotion of the Investments (2005 – 2010); The National Strategy for the Continuing Vocational Training (2005 – 2010) and The Employment Strategy (2004 – 2010). The political and economic conditions in Bulgaria are favourable for the achievement of the Lisbon goals and priorities. The Bulgarian authorities have declared strong political will to promote the economic and social reforms in order to comply with their commitments.

1.2 *Macroeconomic development*

The Bulgarian economy continues its development at a high pace. Foreign investments and real GDP have registered dynamic growth. In the public finance sphere, the tendency to account for growing budget surpluses has aggravated. In a sectoral perspective, highest growth dynamics register the processing industry, tourism and telecommunications. Transport and business infrastructure remain slightly developed.

Real GDP grew at 5.6 percent in 2004, which was the highest rate since the start of transition. GDP per capita (PPP) growth reached 30% of the EU-25 (2004). In 2004 the employment rate was lower (54.2%) in comparison with the EU-25 (63.3%). The unemployment rate declined further from 13.7% in 2003 to 12.0% in 2004. The employment situation continued to improve. The employment grew by 3.1% in 2004, but the employment rate was still very low at 54.2%. The high rate of youth unemployment (25.5% in 2004) remained a serious concern. The budget expenditure for research and development were only 0.5% from the total budget. The average inflation was 6.1% in 2004. The distinguished feature of the labour market in Bulgaria is the regional discrepancy in employability, unemployment, labour productivity, education level and demographic structure.

The ongoing current reforms in microeconomics are focused on measures that will strengthen and increase the competitiveness of the Bulgarian economy. The public expenditure for R&D and innovation reached around 0.57% of the GDP (2005).

1.3 *Employment policy*

With regard to the Bulgarian employment policy, the Action Employment Plan sets out the following priorities: active labour market measures, decrease of long-term unemployment, promoting SMEs and start-up business, supporting labour mobility and strengthening the social dialogue. The Bulgarian Action Employment Plan focuses also on the quality of the labour force and the effectiveness of the education system. Special attention is given to life-long learning and vocational training. The overall objective is to create a link between education and labour market demands. A major challenge is to increase the flexibility of labour market and modernize the labour relations.

1.4 *General assessment of the progress of the Lisbon Strategy implementation*

Macroeconomic indicators	Strong performance	Average performance	Weak performance
Growth of GDP per capita (PPP)	X		
Employment rate		X	
Unemployment rate		X	
R&D expenditure			X
Labour productivity		X	
Business climate indicators			
Legislation promoting the foreign investments	X		
Legislation promoting IT and innovation in SMEs	X		
Investments in IT technology and communications		X	
Public – private partnership		X	
Administrative barriers		X	
Tax and security burden		X	
E-government and e- service provisions		X	
Labour Market Development			
Universities – business connection			X
Active labour measures	X		
Flexibility of the labour market		X	
Labour mobility			X
Human resource development indicators			
IT in the high education			X
Internet access in the schools and universities			X
Level of education of youths	X		
Lifelong learning			X
Vocational education and training		X	
Sustainable development			
Innovations in SMEs			X

Macroeconomic indicators	Strong performance	Average performance	Weak performance
Transport infrastructure			X
Eco - technologies			X
Industrial pollution, waste management, water quality, nuclear safety and radiation protection			X

2. The involvement of the Economic and Social Council and the social partners

The Economic and Social Council (ESC) was established under the Law, as an independent consultative body for expressing the will and interests of the structures of the civil society in 2003. At the same the Tri party cooperation continues existing.

In 2005 the Economic and Social Council adopted the following own initiative opinion in compliance to the Lisbon Strategy goals: “The problems of the vocational education and training in Bulgaria” (November 2005).

On 17 and 18 October 2005 was held the 13th, JCC EU-Bulgaria Meeting. The topic was “The vocational education and training in Bulgaria in view of the European best practices and Lisbon goals.

The opinion on "The Lisbon Strategy of the EU and the policy of the Republic of Bulgaria for achieving competitive and prosperous economy" was adopted on the ESC Plenary Session on 30 January 2006. The key points of the adopted opinion are: Firstly, strengthening the competitiveness of the economy based on IT and innovation development, improving business environment through eliminating the current administrative barriers and regulations, and red-tape cutting. Secondly, human resource development-the priorities designed in the adopted opinion are related to improving vocation training, setting up life-long learning and developing synergy between universities and business. Thirdly, promoting flexibility of the labour market by further active labour measures, wage mechanism and labour force mobility, job creation and growth.

The most important recommendations to the government and public administration in the adopted opinion on the Lisbon Strategy are: to launch a Lisbon National Reform Program for Growth and Jobs (2006-2008), which will unite the different components of the Strategy – economic growth, employment and social cohesion and environmental sustainability, strategy for promoting export sectors. The adopted opinion could be a focal point for enhancing the competitiveness by broad participation of Trade Unions, Employees Associations and civil society structures. The appropriate approach for increasing national competitiveness is by drawing up a detailed National Action Plan - Road Map for promoting competitiveness. The Social partners have proposed to the Bulgarian government to draw up a separate National Operative Programme - Information Society.

Social partners

The social partners participate in working groups, which are participating in drawing up the National Operative Programmes and National Development Plan, National Employment Action Plan and others. The Government supports tripartite dialogue. In practice, the social partners' proposals and discussions have not been always in line with central public administration decisions and the impact of their proposals is not sufficient. The Bulgarian Economic and Social Council and social partners believe that the effectiveness of the Lisbon Strategy is a lasting process of monitoring the impact of the measures on the main objectives of competitiveness, employment, innovation and information society development and social cohesion.

Social partners participated in different projects which goals and activities are relevant to the Lisbon Strategy.

The Confederation of Independent Trade Unions in Bulgaria participates as a partner in "Leonardo Da Vinci" project "Vocational education and training of non EU citizens", 2004-2007. Under the project nine partners in six European countries (Sweden, Bulgaria, France, Greece, the Netherlands and Spain) have created a trans-national network, which shall assemble and develop knowledge and innovative methods for the vocational training in Europe. The aim is to develop and distribute new materials and new results within different areas of vocational training. The Confederation of Independent Trade Unions have prepared working papers and other publications focused on the following topics: Role of Trade Unions in the Promotion of Employment, Social Protection and the Organisation of Workers into Small and Micro Enterprises, Bulgarian Business in IT age, Labour Market in the Country – Early Warning, European Employment Strategy: Challenges and Perspectives for Social Partners in Candidate Countries

The Bulgarian Chamber of Commerce and Industry have organized different initiatives in connection with the Lisbon Strategy goals as following:

- Training of trainers and business representatives in entrepreneurship within joint Bulgarian and Belgium project;
- The Chamber participates in a range of EU projects (PHARE, Leonardo Da Vinci, and Interreg). Most of them are oriented to transfer experience and good business practice in different economic areas as well as traineeship programmes.
- The Chamber together with TAIEX (Technical Assistance and Information Exchange Office of the Directorate General "Enlargement" of the European Commission) will provide numerous of seminars on different topics such as: Public procurement, Competitiveness of SMEs based on innovation of IT technologies as well as transfer of knowledge relative to EU policy and Lisbon Strategy priorities.

The Bulgarian Industrial Association actively participates in the Programme for introducing the e-government in Bulgaria particularly in implementing IT technologies and development of the Information society. Two centres for vocational education and training have been established and

most of the training models are focused on developing information knowledge based economy, promoting competitiveness, employment and forcing the IT technologies and innovations. The trainees are mainly from the business sector and unemployed people registered by the Employment Agency.

The ESC and the organized civil society will continue to focus its activity on the Lisbon goals in order to contribute to their proper and effective implementation in Bulgaria.

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ROMANIA

Romania and the goals of the Lisbon Strategy

Aiming at building an innovation-based economy is a reasonable goal for any state and Romania is no exception, since this is the road to competitiveness, growth and economic prosperity.

The process monitoring Romania's compliance with the strategic goals of the Lisbon Agenda shows a significant development. Liberalisation has brought about significant progress in telecommunications, transport and financial services. Business start-up conditions have improved, although further steps need to be taken concerning the reduction of state aid and the implementation of legislation.

Unemployment is relatively low, due to the fact that the current economic climate is beneficial, making the task of encouraging job creation easier and more affordable.

As far as environmental sustainability is concerned, industrial restructuring helps Romania to comply with the provisions of the Kyoto agreement, and renewable energy sources place us ahead of most European economies.

The Romanian government has expressed its commitment to promoting the measures needed to achieve developments in each and every field mentioned above.

Monitoring Romania's Progress – The structural indicators of the Lisbon Strategy

	ROMANIA	EU MAX	EU MIN
Innovation and research			
Spending on human resources (% GDP)	3.28	7.32	3.51
Total R&D expenditure (% GDP)	0.38	4.27	0.64
Business R&D (% GERD)	41.6	71.88	31.54
Government R&D (% GERD)	48.4	60.95	20.99
R&D funds from abroad (% GERD)	7	18.68	2.47
Level of internet access (% households)	4.5	65.5	12.2
Patents EPO (per million inh)	0.7	366.5	5.4
Patents USPTO (per million inh)	0.49	213.6	1.9
IT expenditure (% GDP)	1.1	4.4	1.2
IC expenditure	5.3	4.4	2.6

	ROMANIA	EU MAX	EU MIN
Liberalisation			
Price of telecom: local calls (EUR, 10 min. call)	0.27	0.56	0.23
Electricity prices: industrial users (EUR per Kwh)	0.04	0.082	0.052
Gas prices: industrial users (EUR per GJ)	2.29	6.80	5.26
Businesses			
Time to start a business (days)	27	123	18
Cost to start a business (% income per capita)	11.7	69.6	1
State aid (% GDP)	6.3	1.58	0.66
Employment and social cohesion			
Total employment rate (% of total population)	57.6	75.9	55.5
Life long learning (% of adult population receiving education and training)	1.3	34.2	3.6
Inequality of income distribution (ratio of income – top quintile to lowest quintile of population)	4.6	6.5	3.1
Early school leavers (% of 18-24 year olds)	23.2	41.1	9.0
Total long term unemployment (% of total active population)	3.8	5.1	0.8
Sustainable development			
Greenhouse gas emissions (% of the base year 1990, target 8% cut by 2010)	92	125.5	72
Energy intensity of the economy (kg of oil equivalent per EUR 1 000)	1164	263	125
Share of renewable energy (% gross national electricity consumption)	28.4	67.3	1.6

Sources: Eurostat, Romanian National Institute of Statistics, World Bank

The role of the Romanian Economic and Social Council

On 8 and 9 December 2005, the 12th meeting of the EU-Romania Joint Consultative Committee was held. The discussion covered the growing need to strengthen the role of the social partners and to develop the role of the Economic and Social Council along the lines of the European model, with particular emphasis on civil society.

The development of dialogue with civil society is an important element in the achievement of the Lisbon Strategy goals, namely modernising the European social model by investing in people and building an active welfare state.

Last year, the Economic and Social Council worked hard to issue opinions, and many draft acts were discussed by specialised commissions which have a direct connection to the areas and subjects covered by the Lisbon Strategy.

We should therefore emphasise the draft law on workplace apprenticeship, the draft law on the establishment of a European Works Council, the draft act on the modification and completion of the law on the stimulation and development of SMEs, the draft decision on the Status of the National Agency for Equal Gender Opportunities, the draft project for the Short and Medium-Term Strategy for Lifelong Learning 2005-2010, the draft law on the organisation and operation of the National Agency for Employment, the draft law on the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses and lastly the draft decision on the organisation and operation of the National Authority for Scientific Research.

Currently, the priority of the Economic and Social Council is to become a knowledge and learning-based organisation. This overall objective will be achieved as a result of the activities carried out by the Phare project *Promoting Autonomous Social Dialogue* which aims (a) to set up a specialised training unit and resource centre for social and industrial dialogue and (b) to improve the social partners' capacity to participate in the implementation and development of the *acquis* in the field of social dialogue.

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**CONTRIBUTION FROM THE LIAISON GROUP
BETWEEN THE EESC AND EUROPEAN CIVIL
SOCIETY ORGANISATIONS AND NETWORKS**

1. In 2000, the Lisbon Strategy was set out as a common narrative for facing up to demographic change and challenges of the global economy: a strategy for sustainable change, allowing for the necessary reforms to increase competitiveness and growth across Europe, while at the same time helping people face these changes by providing them with adequate social protection, promoting social inclusion, ensuring training and education opportunities. The environment was acknowledged as the important necessary third pillar for ensuring sustainable change (Gothenburg sustainable development strategy). It was agreed that all this could only be done with the involvement of all governance levels and in discussion with trade unions and organisations of civil society.
2. This European **Societal** Model, which is part of the collective identity of European citizens, encompasses, among others, important moral, cultural, economic, social, political and environmental aspects. They are strongly interrelated, conditioning each other, and cannot be dealt with separately.
3. Since 2000, the three pillars of the Lisbon Strategy have become increasingly imbalanced. The social inclusion dimension of the strategy, in particular, and somewhat also environmental issues have been sidelined. The focus on competitiveness and growth only, however, means abolishing the long-term perspective of the Lisbon Strategy. The imbalance is risking the social, environmental and financial sustainability of the model. The short-sighted redefinition of the strategy is contradictory to the Sustainable Development Strategy the EU committed itself to.
4. The challenge is how to reconcile the need to build prosperous and competitive societies whilst ensuring that the people in Europe have adequate social protection in a rapidly changing world. It is essential to insure that people feel secure enough and prepared for the difficult changes evident in today's society.
5. The debate on the future and the modernisation of the European **Social** Model is as much an indispensable element of the implementation of the Lisbon Strategy as the improvement of economic performance, the creation of a knowledge-based society, the preservation of our natural environment or the development of participatory democracy and of good governance.
6. Social protection is a productive factor underpinning economic growth and increased competitiveness that in turn sustains social progress. It has to be fully recognised that successful economic strategies, based on the concept of a social market economy, constitute the material basis of the quality and cohesiveness of European society. However, to over-emphasise issues of economic performance and competitiveness while neglecting the other crucial elements of the European Societal Model will lead to failure. In the long run economic success highly depends on the value system, cultural background, sound social protection and investment in people.
7. The competitiveness of the European Model is mainly determined by considerations of quality and sustainability, particularly in terms of education, training and research, health and social

protection, in chances and living conditions, in the production of goods and services, as well as in justice, security and politics.

8. Fundamentally the goal of the Lisbon Strategy must be to tackle successfully the internal societal challenges – like economic structural changes, a society of longevity, rapid technological change, demand for more self-determination and participation, just to mention a few – and, at the same time, give to the European Societal Model the highest possible performance and attractiveness so that it can not only survive but successfully compete in the global social-economic-cultural context.
9. It has to be clearly acknowledged that the only successful way of modernising the European Societal Model is to put the needs and aspirations of people at the centre of the strategy, to give them part of the process of conception, implementation and evaluation, and to stimulate and use their capacities as much as possible – to give them a sense of belonging and of ownership. The actual imbalance of the pillars of the Lisbon Strategy is short-sighted and risks that people increasingly distrust the European project. Ownership of the Lisbon Strategy can only be created if the strategy does meet the aspirations and fears of the citizens of Europe; For this a balanced approach is crucial.
10. The creation of the necessary enabling conditions for a successful modernisation process of European society is a joint responsibility of State, market actors and civil society. All governance levels need to take up their political responsibility according to their respective roles in society and be involved in the implementation of the strategy. Furthermore, all stakeholders need to be actively involved in conception, implementation and evaluation of reform steps.
11. The implementation of the Lisbon Strategy and the ensuing reforms have to start by more clearly and attractively defining the overall reasons and goals of the strategy, by breaking it down into manageable action, by highlighting the individual and collective interest in its success, by communicating all this to all actors and then by providing concrete opportunities and incentives for active commitment and engagement.
12. Education is key to competitiveness and the functioning of our societies. Education also is a preventive measure for social exclusion. In order to create strong and sustainable competition, it is crucial to ensure opportunities for continuous education throughout people's working lives. To be effective, lifelong learning strategies should also complement and act in synergy with other policies, e.g. research, technological innovation, employment, culture and social policies.
13. Ensuring decent work for all is one of the indispensable key objectives of the strategy. This concept includes access to employment for all, anti-discrimination, equality for women and men, rights and safety at work, social protection and fair social dialogue.
14. The European economy is still suffering from an under-representation of women in the labour market and gender-segregated labour markets, as well as a high percentage of women working in

part-time employment and under-representation of women in managerial positions. Sustainable economic growth is not possible without an increased level of employment among both women and men. In this context, family planning, elderly care and accessible, affordable and adequate child day-care, benefit and employment security in case of maternity, as well as policies aimed at eliminating the pay gap between the sexes and helping more women into full-time employment, are essential.

15. All discrimination on the labour market needs to be eliminated. The development of a common migration policy could positively contribute to the EU's efforts of facing the challenges of demographic change and technological development.
16. The 2004 ILO/World Commission on the Social Dimension of Globalisation Report has recognized the role of the Lisbon Strategy to move towards a fairer globalisation. The EU has already made commitments to address the social dimension of the globalisation at both European and international levels. Some elements of the Lisbon Strategy have been endorsed in the EU external policy. For example, the emphasis put on the **quality of employment** through the instrument of requiring the respect of the core labour standards to receive Generalised System of Preferences (GSP) *plus* status. The Lisbon Strategy should influence the external policy of the EU much more strongly and provide a framework for the EU's response to the Sustainable Dimension of Globalisation.
17. Trade negotiations at both bilateral and multilateral levels provides the EU with the opportunity to promote these elements of the European model as an alternative to purely neo-liberal economic concepts, ensuring that trade policy is fully supportive of social development. The negotiations in the framework of the WTO are one example where the EU needs to underline the specificity of the EU model based on the link between the social, the environmental and the economic as well as on solidarity and access to decent work for all.
18. The completion of the internal market of services is seen as one important aspect in boosting Europe's productiveness. Competition rules however need to make sure that workers' rights are respected all over Europe and that the provision of high-quality services of general interest accessible to all is not endangered.
19. It is absolutely essential to ensure that people fully understand what is actually at stake and that they truly can develop enthusiasm for it: The "European Modernisation Strategy/Strategy for sustainable change" (or another more meaningful expression for "Lisbon") is about the survival of that distinctive European society they identify with and the improvement of living conditions and chances for the present and the future generations. It is not just an economic project to the benefit of few but in the fundamental interest of all Europeans. It is the best guarantee of the sort of future Europeans collectively would like to see.
20. It is equally important to give to Europeans, and in particular to young people, the clear sentiment of ownership in the process – including the understanding of their own importance, their

respective roles, their interests and their responsibilities in it. This requires a considerable effort of “demystifying” the strategy and making it clearly meaningful and beneficial for citizens.

21. At the same time a psychological climate needs to be created which overcomes the latent “fear of change” and promotes trust in the future. The promotion of “Social Capital” and a strategy of “Flexicurity” in many aspects of life would be a precondition for that. Sharing of successful experiences at various levels and “creative imitation” in these areas should be strongly promoted.
22. Even though the strategy of sustainable change must necessarily be conceived and agreed upon at European level it is decisive to bring it down to the level of living realities of people according to the Rio-slogan “Think global – act local” in order to make it meaningful. The local level, cities and counties, schools and enterprises, associations and families, etc. are the real action grounds where success or failure takes place.
23. In order to successfully tackle the implementation and information gap, organised civil society has an important, if not decisive, role to play in this process. Being close to the people, civil society organisations can help identifying problems and developing solutions, bridging between people and institutions, by communicating in both directions, by explaining content and process, by promoting dialogue and constructive criticism, and by supporting commitment of individuals and groups.
24. However, public authorities need to create the enabling environment and have the responsibility to put the necessary conditions and means into place – be they legal, structural, administrative, financial, fiscal, etc. – and this always after an intensive dialogue with the economic actors and civil society. Especially in the implementation and evaluation of the national reform programmes, adequate structures and processes of involvement of organised civil society, social partners and local authorities need to be put in place.

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SECTORS OF ORGANISED CIVIL SOCIETY	PARTICIPATING ORGANISATIONS/NETWORKS
<p>DÉVELOPPEMENT <i>DEVELOPMENT</i></p>	<p>Confédération européenne des ONG d'urgence et de développement <i>European NGO Confederation for Relief and Development (CONCORD)</i></p>
<p>JEUNESSE <i>YOUTH</i></p>	<p>Forum européen de la Jeunesse (FEJ) <i>European Youth Forum (EYF)</i></p>
<p>EGALITE DES GENRES <i>GENDER EQUALITY</i></p>	<p>Lobby européen des Femmes (LEF) <i>European Women's Lobby (EWL)</i></p>
<p>ÉDUCATION ET FORMATION <i>EDUCATION AND TRAINING</i></p>	<p>Plate-forme "Éducation et société civile" <i>Education and Civil Society Platform</i></p>
<p>VIE FAMILIALE <i>FAMILY LIFE</i></p>	<p>Confédération des organisations familiales de l'UE <i>Confederation of Family Organisations in the European Union (COFACE)</i></p>
<p>ORGANISATIONS ET ASSOCIATIONS PROMOUVANT L'IDÉE EUROPÉENNE <i>ORGANISATIONS AND ASSOCIATIONS PROMOTING THE EUROPEAN IDEA</i></p>	<p>Mouvement européen international (MEI) <i>European Movement International (EMI)</i></p>
<p>CONSOMMATION <i>CONSUMERS' POLICY</i></p>	<p>Bureau européen des unions de consommateurs <i>The European Consumers' Organisation (BEUC)</i></p>

SECTORS OF ORGANISED CIVIL SOCIETY	PARTICIPATING ORGANISATIONS/NETWORKS
PRESTATAIRES DE SERVICES SOCIAUX <i>SERVICE PROVIDERS</i>	Comité européen des Associations d'intérêt général <i>European Council for Voluntary Organisations (CEDAG)</i>
MOUVEMENT COOPÉRATIF <i>COOPERATIVE MOVEMENT</i>	Comité de coordination des associations coopératives européennes <i>Coordinating Committee of European Cooperative Associations (CCACE)</i>
ASSURANCE MALADIE ET PROTECTION SOCIALE <i>HEALTH INSURANCE AND SOCIAL PROTECTION</i>	Association internationale de la Mutualité <i>International Association of Mutualities (AIM)</i>
ARTS ET CULTURE <i>ARTS AND CULTURE</i>	Forum européen pour les Arts et le Patrimoine (FEAP) <i>European Forum for Arts and Heritage (EFAH)</i>
CITOYENNETÉ EUROPÉENNE <i>EUROPEAN CITIZENSHIP</i>	Forum permanent de la société civile <i>Permanent Forum of Civil Society</i>
PROTECTION ET INTÉGRATION DES HANDICAPÉS <i>PROTECTION AND INTEGRATION OF HANDICAPPED PERSONS</i>	Forum européen des personnes handicapées (FEPH) <i>European Disability Forum (EDF)</i>
DÉVELOPPEMENT RURAL <i>RURAL DEVELOPMENT</i>	Association Internationale Ruralité-Environnement-Développement <i>International association Rurality – environment – development (RED)</i>