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Annex to the

**The 2005 Review of the EU Sustainable Development Strategy:
Stocktaking of Progress**

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TABLE OF CONTENTS

Summary of the results of the Public Consultation.....	3
Opinion of the European Economic and Social Committee	5
Taking Stock of the progress made in implementing the EU Sustainable Development Strategy.....	7
1. Changing the way we make policies.....	7
2. The unsustainable trends: issues, policies and progress.....	12
3. Climate change and clean energy.....	13
4. Public health.....	15
5. Poverty and social exclusion.....	18
6. Ageing society.....	21
7. Management of natural resources	22
8. Transport and land-use.....	25
9. Harnessing globalisation	28
10. Better Governance at Global level	31
11. Financing for development (FfD)	32

Summary of the results of the Public Consultation

Between 1 August and 31 October 2004 the Commission carried out a public consultation on the review of the EU Sustainable Development Strategy in order to gather the views on SDS from the public at large. Individuals and organisations were asked to give their opinions on the achievements in recent years, the changes in policy-making, the national and international dimensions and the way ahead for SDS. Nearly 700 persons and organisations replied to a short questionnaire, more than 150 replied to a long questionnaire and approximately 300 persons sent letters. Individuals, committees, non-governmental organisations, companies and business organisations, trade unions, local authorities and national governments all contributed. The number of replies to the Consultation is an indication of the importance attached to Sustainable Development and the expression of the sincere wish of many people to contribute to the review of the Strategy. The Commission will publish a full report on the findings of the Public Consultation soon at its web-site.

The outcome of the consultation suggests that a large majority agrees with the overall approach to sustainable development that the European Union has chosen. In general, contributions subscribe to the broad vision on sustainable development, the six priority issues and the new way of policy-making. However, opinions differ with respect to the weight that should be given to the individual components of the Sustainable Development Strategy and many respondents emphasize that SDS has not yet been properly implemented. The Strategy is also criticised – including by national governments – for being too vague, lacking a real operational definition and for not containing sufficiently specific objectives, targets and deadlines.

In the contributions there are diverging views on what constitutes the correct balance between the social, economic and environmental dimensions of the Strategy. One group – notably environmental NGOs and individuals – feels that current EU policy focuses too much on the economic dimension of sustainable development to the detriment of social and environmental objectives and the strategy's international dimension. Others, however, especially businesses and business organisations, are of the opinion that the economic pillar of the EU's SDS, which they see as a necessary condition for achieving sustainable development, is not sufficiently developed in comparison with its environmental and social dimensions. Most contributors have concerns about the way the Sustainable Development Strategy and the Lisbon Strategy complement each other. Many do not think that the two strategies could be in harmony, but others stress the need to bring them more in line with each other.

There are also diverging views on the scope of the six priority areas. Some want to stick to the current six areas and they emphasize that the priorities are well chosen, and indeed deserve most attention. Others call for the addition of new priorities; the international dimension, in particular, is often mentioned in this respect. A large number of contributions highlight certain aspects of the six priority areas that have not yet received appropriate attention, such as biodiversity and the protection of natural habitats. This observation was made by both the group that wants to broaden the current scope and those that do not.

On the question of whether policy-making in the European Union is conducive to achieving sustainable development, the majority says no. Although policies may have contributed to sustainable development, many comments highlight that EU policymaking has primarily a sectoral focus. Most contributions take a positive view of the introduction of the impact assessments, but they also state that the expectations of impact assessments have not yet been

fulfilled. There is support for making additional use of market-based instruments to help sustainable development by internalising external costs. The importance of investments in R&D to promote sustainable development is generally endorsed. While acknowledging the steps taken by the Commission, the need to involve the civil society and the private sector more effectively in the preparation of decision-making is often underlined.

With regard to the international dimension of sustainable development many state that not enough consideration has been given to the impacts of the EU's internal policies on third countries. Especially the EU's trade and agriculture policies need to be better assessed. Many also emphasised that sectors such as fishing and natural resources were not sufficiently considered and that the SDS needed to address the "global footprint" of the EU.

Furthermore, it was argued that the EU's international commitments were not sufficiently reflected in its internal policies, notably sustainable production and consumption, increasing development assistance and global food security. The translation of the EU's international commitments into internal policies should be assured across different policies.

Opinion of the European Economic and Social Committee

On 28 April 2004 the European Economic and Social Committee adopted an opinion in which the Committee assessed the EU Sustainable Development Strategy (NAT/229 – CESE 661/2004). In particular, the Committee looked at the progress made towards achieving the headline objectives; the need for broadening the strategy; the consequences of enlargement; whether stronger linkages should be made with national sustainable development strategies; how to include external aspects and how to improve implementation; how to set clearer objectives and indicators and communicate better about the strategy.

The EESC supports the need for a review of the strategy. Despite serious efforts to initiate new policies and better policy making, the EU has not been able to curb unsustainable trends in recent years.

The EESC points out that the lack of progress in achieving the objectives of the Sustainable Development Strategy is caused by continued lack of attention to the inter-linkages between sectors leading to policies in different areas working against one another rather than being mutually supportive. There has been little consideration of intergenerational justice; distributive justice or global poverty eradication.

To make progress, sustainability must be given a clearer definition; the strategy must set specific objectives; long-term objectives must be divided into intermediate goals that can be monitored by use of indicators and policies must be consistently analysed using sustainability criteria. The strategy should be made 'less woolly' and the necessary changes which must occur to achieve the objectives made clear to all. The difficult trade offs, but also potential win wins must be explored.

For the EESC sustainable development represents a further 'pre-active development of the market economy' expanded to take account of environmental issues and other considerations such as intergenerational justice and distributive justice'. Rather than putting a damper on economic progress, sustainable development should be seen as a new stimulus for growth and competitiveness. The review should identify those areas which are particularly desirable for growth from a sustainability angle. It is thus a question of prioritising the areas that can generate sustainable growth and productivity.

In terms of the relationship between the Sustainable Development Strategy and the Lisbon strategy, the EESC states, that the two strategies must be coherent under the overarching objective of long-term sustainable development. In this way 'Lisbon' can be an important step on the way to sustainable development, but it cannot be a substitute for a long-term sustainable strategy. Moreover, the Committee points out that the economic growth generated by the Lisbon Strategy must be decoupled from resource use to a greater extent.

The EESC proposes to deepen rather than broaden the strategy by particularly focusing more on the social dimension in terms of eradication of poverty both within the EU and global poverty; the longer terms aspects of ageing; employment and environment; health care as well as new emerging health risks.

The strategy should give renewed emphasis to assessing the coherence between different community policies such as, for example, regional policy, research policy, external policies (WTO), agricultural policy and sustainability.

Particular attention must also be given to the implementation of the strategy in the new Member States. To explain how the strategy will benefit these societies and give practical assistance to the appropriate authorities at the administrative and political level to further sustainable development.

All players must become active in bringing about sustainable development. Member States, regions, businesses and individual citizens all have their share of the responsibility. It is essential that a revised strategy sets out the specific responsibilities, powers and remits of all the players ensuring that these work in tandem interlinking the different sustainable development strategies towards common goals.

Taking Stock of the progress made in implementing the EU Sustainable Development Strategy

This Annex provides an account of the progress made since 2001 in implementing the EU Sustainable Development Strategy (SDS). This initial overview will be further developed into a full progress report, to be presented with the final review of the SDS later on this year. This will include more complete reporting, notably on the external dimension.

1. CHANGING THE WAY WE MAKE POLICIES

The Commission's 2001 Communication set out a number of cross-cutting initiatives to improve policy coherence and create favourable framework conditions to promote sustainable development. The key element, and arguably the most ambitious, was the "new approach to policy-making" to ensure better policy coordination and coherence in support of sustainable development. Areas where action has been taken are:

Improving policy coherence

In 2003, the Commission introduced a new Impact Assessment procedure, designed to assess the economic, environmental and social impacts of major new policy proposals in an integrated manner and to make trade-offs between competing goals more explicit. Over 50 Impact Assessments have been produced to date. This is a significant step towards better informed policy-making. The public consultation on the Sustainable Development Strategy shows that the introduction of the impact assessment method is generally appreciated.

However, more efforts are still needed to fully exploit the potential of the impact assessment tool. For example, if a certain policy has a positive social and environmental impact but a negative effect on competitiveness or, alternatively, a positive economic impact but a negative environmental impact, there is little specific guidance to determine exactly which balance between the three dimensions would lead to the more sustainable outcome. These choices need to be made at a political level. Other difficulties identified so far include inadequate quantification of impacts (perhaps improved analytical tools can help in this respect), and a tendency to focus on short-term costs to the detriment of longer-term, potential "win-win" situations. Based on its initial experiences, the Commission has outlined the next steps it will take to improve its Impact Assessments in order to support all dimensions of sustainable development.

In future, sustainable development concerns need to play a more important role in the assessment of new policies (SEC (2004) 1377). In line with the inter-institutional agreement on better lawmaking, other EU Institutions are also considering possible procedures to assess the impact of substantive proposed amendments to Commission proposals. Discussions are underway between the institutions on a possible common approach to Impact Assessment. Applying an integrated approach, which assesses impacts across the economic, environmental and social dimensions, should be the basic underlying principle.

Other actions have been undertaken to improve consistency of policy over various policy areas and individual initiatives. For example, efforts have been made to continue the Cardiff process of integrating environmental issues into EU policies, though with mixed success.

To promote internationally coherent policies actions have been taken at three levels: agreements on international commitments, targets and best practise; integration of sustainable

development objectives in domestic agendas and bringing developing countries on board of the sustainable development agenda. For example, a key objective of the Doha trade negotiations was better integration of development concerns into the international trade regime. However, more needs to be done in order to achieve true policy integration across all policy areas as well as to foster a shared vision and build common agendas with external partners, in areas significant to sustainable development such as trade, environment, social policies, agriculture, fisheries and migration.

In the area of development co-operation, a number of Commission Communications and working papers aim to further policy integration – particularly by encouraging the implementation of SDS objectives related to the environment and the social dimension through EU country programming¹. Other important Communications concern the Management of Natural Resources, Health and Social exclusion and mobility²

Developing the open method of coordination

The open method of coordination, notably in the field of social inclusion and social protection, plays a key role in modernising national social protection systems and facilitating social inclusion. It provides an effective policy instrument to address the sustainability challenges of poverty and Europe's ageing society, while taking into account the diversity between Member States and reflecting the complexity of the issues.

It also provides clear links with other sectoral policy developments, such as the European employment strategy. Accessing the labour market is a crucial stepping stone for social inclusion. The European employment strategy puts a strong emphasis on the participation of disadvantaged workers in the labour market.

Getting prices and incentives right

Making sure that market prices reflect the true costs of economic activities to society will encourage changes in production and consumption patterns. For this purpose, Member States use market-based instruments such as environmentally related taxes, deposit refund schemes, emission trading schemes and subsidies to varying degrees. In this respect it is important that methods and data for valuating externalities developed by EU research in areas such as energy and transport are made operational and properly used. Progress has also been made over recent years at EU level. The 2003 Energy Tax Directive extends the Community system of minimum tax rates from mineral oils to other energy products (coal, gas, electricity), and from 2005, an EU-wide allowance trading scheme for greenhouse gas emissions will help achieve the Kyoto emission reduction targets in a cost-effective way. The reforms of the Common Agricultural Policy have encouraged farmers to choose what they grow so as to better reflect market signals. Environmental state aid guidelines aim to ensure that distortions of

¹ Communication on Partnership for Sustainable Development COM (2002) 82

² Climate Change in Development co-operation (COM(2003)85); Energy cooperation with Developing countries (COM(2002)408); Integrating environment in EC economic and Development cooperation (EC(2001)609); Modalities for the establishment of the Water Facility for ACP ; Biodiversity Action plan (COM(2001)162); Marine conservation (COM(2002)539); Health and Poverty reduction in Developing countries (COM(2002)129); Accelerated action targeted at major communicable diseases (COM(2000)585); Fighting rural poverty (COM(2002)429); and on EC Development policy - mainstreaming human rights, in particular rights of vulnerable groups such as children (COM(2000)212)

competition created by state aid are balanced by real environmental benefits (for example, they allow operational aid to be used to support renewable energy).

However, more systematic use of market-based instruments – in particular, taxes – in EU policies is hampered by the need for such measures to be adopted by a unanimous vote of the Council. Faced with the likelihood that at least one Member State will oppose action, the Commission has continued to promote more wide-spread use of market-based instruments (e.g. through the Water Framework Directive and the Euro vignette proposal) alongside more traditional approaches to (environmental) regulation, such as limit values or restrictions on the use of certain products or materials. While the latter course ensures that progress is made towards environmental objectives, it may come at a greater economic and social cost than would be necessary if the Council were to take a more progressive attitude.

Investments in science and technology

Advances in knowledge and technological progress are key to achieving more sustainable production and consumption patterns. A clear focus on sustainability goals in research is essential to realise its long-term social, economic and environmental benefits and its short-term competitiveness benefits. A number of measures have been taken in these areas. For example, the 6th Framework Programme for Research and Technological Development, the Union's main instrument for research in Europe, devotes one of its seven key areas to "Sustainable development, global change and ecosystems". However, there are also other key areas that contribute to SD goals (for example, food quality and safety, specific measures in support of international co-operation). EU research has delivered results that contribute to the sustainable development goals, which appear to have been taken up by the private and public sectors. Measures have also been taken to further the creation of the European Research Area and to increase overall spending on R&D in the EU to 3 % of Gross Domestic Product (GDP) by 2010, compared to the current spending which amounts to less than 2% of GDP for EU-25. At the current rate of growth, research spending in 2010 will fall short of this goal.

An Environmental Technologies Action Plan has been adopted to harness the full potential to reduce pressures on our natural resources, improve the quality of life of European citizens and to stimulate economic growth. Key actions include the launch of technology platforms in areas such as hydrogen and fuel cells, photovoltaics, sustainable chemistry and water supply and sanitation. The action plan proposes that environmental performance targets for products and services be established, and that public and private procurement policies should seek to promote eco-efficient investments and innovations.

The EU is working hard to strengthen secure electronic infrastructures. They are fundamental tools for the development, competitiveness, social and territorial cohesion and, hence, long term sustainability of the knowledge-based society. They foster linkages across Europe and the world, including new emerging economies. The European Environment & Health Action Plan 2004-2010 is designed to give the EU the scientifically grounded information needed to help all 25 Member States to reduce the adverse health impacts of environmental factors and to endorse better cooperation in this field. With better knowledge an environment and health 'cause-effect framework' can be developed, which will help to formulate EU policies.

The 'Group on Earth Observation' initiative aims for a comprehensive, coordinated and sustained Earth observation system. The 'Global Monitoring for Environment and Security' initiative combines the capabilities offered by terrestrial and space borne observation systems with the EU's security and environmental needs.

The European Strategy for Life Sciences and Biotechnology aims at allowing Europe to benefit from the positive potential of life sciences and biotechnology.

Lastly, a Communication from the Commission on “Science and technology, the key to Europe’s future – Guidelines for future European Union policy to support research” was adopted, highlighting main axes of the future Research Framework Programme, including the creation of “Technological Platforms”.

Better communication and mobilising citizens and business

Civil society and the private sector play important roles in sustainable development. Several initiatives have been taken at EU level to encourage the active involvement of these groups:

- To facilitate earlier and more systematic dialogue at the level of the Union, the Commission has come forward with minimum standards for stakeholder consultation. A single access point for Commission consultations has also been established. Advisory groups have also been established in various domains to involve experts and stakeholders.
- Two Directives concerning access to environmental information and public participation in environmental decision-making in EU Member States were adopted earlier in 2003. The Commission also put forward a package of three legislative proposals to align Community legislation with the requirements of the Århus Convention.
- The Commission Communication of July 2002 “A business contribution to Sustainable Development” forms the basis for the European Strategy on Corporate Social Responsibility. This strategy explicitly sees the business community as part of the solution rather than as part of the problem, and fully recognises the contribution that businesses can make to delivering sustainability. The Communication launched a European Multi-stakeholder Forum on CSR which has been used as a platform to exchange examples of good practice and promote transparency and convergence of CSR practices and instruments.
- The Commission actively promotes the up-take of environmental management systems (EMSs) and eco-labels. Since 2001 EMAS has been open to all economic sectors, including public and private services. Although progress is being made, the implementation of EMSs in European enterprises remains low compared to the total potential. Rough estimates suggest that in almost all Member States fewer than 1 out of 200 private companies have put a formal EMS (EMAS or EN ISO 14001) in place. However, less formal approaches to EMS are more widespread, especially among small and medium-sized enterprises.
- Concerning communication with external partners on environmental and sustainable development matters, the EU under the Greek Presidency in 2003 launched an initiative on a Green Diplomacy Network to improve EU coordination in this area. The initiative was endorsed by the 2003 European Council Conclusions in Thessaloniki. The Green Diplomacy Network consists of Environmental and Sustainable Development Experts from Member States; Ministries of Foreign Affairs, the Council Secretariat and the Commission. The first coordinated communication initiatives in select partner countries were taken in the run-up to the Johannesburg Renewable Energy Coalition meeting (Bonn 06/2004) and UNFCCC COP10 (Buenos Aires 12/2004).

2. *THE UNSUSTAINABLE TRENDS: ISSUES, POLICIES AND PROGRESS*

Six main trends are identified in the current strategy as posing a threat to sustainable development in the EU. A number of these have also been identified as global problems. In addition, three global sustainability issues have been integrated into the strategy. These are: Harnessing globalization trade for sustainable development; improved governance at all levels, and the increased financial resources for Sustainable Development³:

The Commission reported on its efforts to implement the WSSD in its communication “WSSD one year on, implementing our commitments” (COM (2003)829 final”. While efforts have been made to tackle these trends and immediate results cannot be expected, the fact remains that the majority of these trends have not been reversed and require urgent and continued attention. The following paragraphs summarise the issues and what has been done over the past three to four years.

3. *CLIMATE CHANGE AND CLEAN ENERGY*

The issue

- Globally, the effects of climate change are more significant than ever. Scientists assume that climate change over the past 50 years has been mainly man-made. Reversing this trend will take at least several decades, and some of the damage anticipated will be irreversible or unavoidable. The sea level has risen by almost eight centimetres over the past 20 years, and could rise by as much as 90 centimetres by the end of the century. Temperature increase could even lead to a complete melting of the Greenland ice sheet causing the sea level to rise by seven metres⁴, reduce yields in agriculture in most tropical and subtropical regions⁵ and put 15 to 37 percent of all species in several biodiversity-rich regions at risk of extinction⁶.
- Europe’s temperature has risen faster in the last 100 years than the global average (0.95°C in Europe compared with 0.7°C globally); 8 out of 9 Alpine glaciers show a significant retreat; extreme weather events, such as droughts, heat waves and floods, have become more frequent⁷. Keeping the global temperature rise below the level at which more dangerous climate change becomes probable requires deep global cuts in greenhouse gas emissions.
- The latest available data show that the EU 15 had achieved a 2.9% reduction in greenhouse gas emissions by 2002 from 1990 levels. However, more vigorous implementation of existing and additional policies and measures will be needed to reach the Kyoto Protocol target of -8% compared to 1990 levels during 2008-2012.
- Energy intensity (energy consumption relative to total output) has decreased by approximately 1% per annum in the EU 15, but not sufficiently to compensate for the

³ The Communication (82) Towards a Global Partnership for Sustainable Development sets out an integrated set of actions to contribute to global sustainable development in its external dimension adding the three necessary precondition

⁴ See Artic report, Nov 2004

⁵ The Third Assessment Report of the Intergovernmental Panel for Climate Change

⁶ Nature January 2004

⁷ EEA report “Impacts of Europe’s changing climate” of August 2004

growth in GDP. Energy intensity in the New Member States remains nearly three times higher than that of EU 15.

The policy response

- Within Europe, the European Climate Change Programme (ECCP) has been the key vehicle and includes many initiatives, such as directives for energy performance in buildings, renewable energy and electricity, promotion of cogeneration of heat and power and taxation of energy products. The use of alternative fuels like bio-fuels or hydrogen is also being promoted actively. The Intelligent Energy for Europe Programme adopted in April 2002 will promote energy efficiency and renewable energy both in the EU and in third countries.
- The cornerstone of the EU's action to tackle climate change is the EU-wide allowance trading scheme for greenhouse gas emissions, which started operating on 1 January 2005.
- The European Council has recently committed itself to strengthening its efforts to ensure that the Union will meet its indicative target for the EU25 of 21% by 2010. In 2001, 14% of electricity was produced from renewable sources.
- Internationally, the EU has continued to play a leading role in promoting the ratification of Kyoto and in implementing relevant commitments made during the 2002 Johannesburg World Summit on Sustainable Development (WSSD) commitments through the launch of the Johannesburg Renewable Energy Coalition and the EU Energy Initiative, even going further by advocating for the use of renewable energies worldwide, through the Johannesburg Renewable Energy Coalition (the JREC). This initiative aims at improving access to adequate, sustainable and affordable energy services. The lack of provision of adequate energy services is acknowledged as one of the major stumbling blocks to the achievement of the Millennium Development Goals.
- The “Energy for Africa” conference, held in Nairobi in November 2003 confirmed the interest of participating African countries in strengthening joint activities in the energy sector. It identified priority areas for EU development co-operation in this field including household energy, biomass, rural electrification, support for policy-making, intelligent energy (programme COOPENER) and capacity building. Dialogue also started in other regions, such as Central America, where Finland has been facilitating the process.
- The Commission has recently adopted a Communication on the EUEI setting out the framework for the Energy Facility. It will be financed under the 9th EDF at 250 million Euro with possibility of leveraging funds from Financial Institutions and the private sector. Its purpose is to increase the access to modern energy services in ACP countries and regions.

4. PUBLIC HEALTH

The issue

- The World Health Organisation (WHO) estimates that the mortality rate declared in Western Europe due to outdoor pollution is 1 per 100,000 children every year. Globally, poor environmental quality is directly responsible for some 25 % of all preventable ill-health. Seven % of all deaths and diseases are due to inadequate or unsafe water, sanitation

and hygiene; approximately five per cent are attributable to air pollution.

- In laboratory samples, up to 70% of the pathogens responsible for chest infections, including pneumonia, are found to be resistant to one of the first-line antibiotics. It is estimated that about 60% of antibiotics in human medicine are prescribed for upper respiratory infections, even though the great majority are caused by viruses – against which antibiotics are ineffective.
- The issue of healthcare and new emerging health risks such as bioterrorism, and developments related to key health determinants such as obesity and tobacco, has become ever more urgent in recent years. For example, smoking kills over 650 thousand people in the EU every year and obesity rates are soaring. Around 22% of the adult population are considered obese in the UK, representing a threefold increase over 20 years⁸ and around 10% of children in the EU are already affected. There is new evidence that owing to unhealthy lifestyles children are increasingly showing adult illness patterns.
- The HIV/Aids epidemic is a threat to sustainable development in many countries. Recent and alarming figures indicate that global HIV infections have reached their highest level, with an estimated 39.4 million people being affected. In some new Member States and in the EU's eastern neighbours the rates of new infections are the highest in the world.
- Worldwide, the spread of other major communicable diseases such as tuberculosis and malaria as well as nutritional deficiencies present a serious threat to sustainable development. In a large number of world countries the health and development gains of recent decades have been reversed. New health threats include zoonotics and epidemics such as SARS. Investing in health will bring huge rewards not only in economic development terms, but also in reducing poverty.
- the spread of other major communicable diseases such as tuberculosis and malaria as well as nutritional deficiencies present a serious threat to sustainable development. New health threats include zoonotics and epidemics such as SARS.
- Accession of the ten Member States in 2004 has increased health inequalities (life expectancy in the EU-25 varies from 64.8 (Lithuania) to 77.4 (Sweden)).

The policy response

- Joint EU surveillance and early warning networks for communicable diseases proved their worth in addressing general health threats at the time of the global outbreak of SARS in March 2003.
- Genome research offers new opportunities to fight antibiotic resistance, which are being further emphasised and explored in the Sixth Framework Programme for Research and Technological Development (2002-2006).
- In June 2003, the Commission launched an Environment and Health Strategy, developing a Community system which combines information on the state of the environment, the ecosystem and human health. The Strategy puts special emphasis on children, as they are more exposed and more susceptible than adults.

⁸ OECD 2001 figures

- An Environment and Health Action Plan was adopted for 2004-2010, aimed at mapping adverse environment and health connections more effectively. The plan will provide the basis to identify measures to improve the well-being of people and obtain potential economic benefits, since spending on remedial actions and lost productivity often outweighs the costs of prevention.
- The Commission has proposed a new EU regulatory framework for chemicals, REACH (Registration, Evaluation and Authorisation of Chemicals). REACH would require publicly available information on the properties of all chemical substances produced or imported into the EU in quantities of more than 1 ton (1000 kg) per year.
- Following several food crises, a “farm-to-table” approach was implemented in the EU to restore consumer confidence in food products and to ensure food safety all along the food chain. Considerable progress towards establishing a proper EU framework on food safety, comprising legislation, scientific advice and feed and food control, has been made since the White Paper on Food Safety was adopted in 2000 and almost all actions proposed at that time have been completed. The most visible sign is the creation of the European Food Safety Authority (EFSA). In order to achieve greater transparency at all levels of food safety policy, Regulation (EC) 178/2002 laying down the general principles and requirements of food law was adopted.
- In the area of consumer protection, a new consumer strategy was adopted in 2002 focusing on effective enforcement and greater involvement of consumer organisations in EU policy-making. Under the current four-year research programme, the Commission is also spending 685 million Euro on research on food quality and safety.
- As regards health threats, since 2001 the Commission has laid the groundwork for the development of effective capacity to counter health threats through actions on control of communicable diseases, health security and preparedness. Main developments were: development of the EU network for the surveillance and control of communicable diseases; creation of surveillance networks, training in field epidemiology and the Euro-surveillance forum; development of an early warning system to ensure mutual information and consultation on measures to deal with disease outbreaks, creation of the European Centre for Disease Prevention and Control, which will come into operation in 2005 and will continue the development of disease surveillance, strengthen reaction capacity and build up expertise, special actions to tackle influenza and SARS: the EU influenza pandemic preparedness and response plan and joint EU measures on SARS, reinforced action on bio-terrorism: reviewed existing protection systems to minimise threats and developed the dedicated programme BICHAT (Biological and chemical agent attacks) to increase preparedness and response capability in the event of such attacks.
- As regards progress in public health measures since 2001, significant achievements include laying the groundwork for a future comprehensive health strategy; the completion of the eighth public health programme 1996-2002; the creation of the new public health programme 2003-2008; key actions against tobacco, initiatives on alcohol and nutrition; activities on HIV/AIDS and sexual health, developing an EU health information system; legislation on the quality and safety of blood, tissues and cells; co-operation on healthcare and patient mobility, and strengthening synergies with different DGs on health-related issues (e.g. health and the environment, drugs policy).

- Internationally the EU has financed several world health programmes, the EC has made substantial progress, based on the Programme for Action: Accelerated action on HIV/AIDS, malaria and tuberculosis (PfA), adopted in 2001. One of the key results is the strong EC contribution to reducing the price of essential pharmaceutical products in developing countries, through WTO negotiations, advocating tiered pricing and encouraging transparency in procurement and pricing. To give but one example, prices of anti-retrovirals to treat people living with HIV/AIDS have fallen by up to 98% in the last four years. In October 2004, the Commission reported on progress and outstanding challenges in implementing the PfA. Based on this, and extensive consultations with stakeholders, the Commission presented a new policy framework for all EC external action to confront the three diseases⁹. The policy framework identifies key areas where the EC will take action at country and global level. With respect to prices of pharmaceutical products, the Communication highlights the need for tiered pricing, competition, adhering to the Doha Declaration on TRIPS and public health, increased price transparency, and support to capacity building on pharmaceutical policies in partner countries.

5. POVERTY AND SOCIAL EXCLUSION

The issue

- Poverty is a complex topic cutting across many issues. There are no easy solutions: in 2001 more than 55 million people, or 15 % of the EU population, were living at risk of poverty; well over half of these (9%) were at persistent risk. The situation in some of the new Member States is of particular concern. Overall, living standards are markedly lower in these countries than in the pre-enlargement Member States and those living on an income below the poverty threshold are at risk of severe poverty. There is a possibility that expectations in these countries will change as comparisons expand beyond national boundaries. Furthermore, the socially excluded are in danger of being left behind as the countries grow rapidly.
- There is some evidence in certain countries that income and wealth distribution may be improving, but the gap between the richest 20% and the poorest 20% remains large. The cumulative burden of disadvantage continues to be disproportionately borne by certain population sub-groups, including single mothers, elderly women living alone and the unemployed.
- In addition, the emergence of the knowledge society and networked society raises the challenge of digital divides, involving new forms of social exclusion associated with the level of dissemination of innovative information technologies and skills.
- Worldwide, 2.8 billion out of 6 billion people live on less than 2 Euro per day, and close to 800 million people suffer from hunger and under-nourishment. Inequality between and within countries is increasing.

The policy response

- Member States have agreed to co-ordinate their policies for combating poverty and social exclusion by setting common objectives, designing national action plans and evaluating

⁹ COM(2004)726

these using common indicators to monitor progress. The European Commission is working with the Member States to support this co-ordination process.

- Member States (EU15) have submitted National Action Plans for social inclusion¹⁰ already twice, in 2000 and 2003, setting out how they are tackling this problem. On the basis of the assessment of the 2003 plans, it was concluded that countries needed to build even further on what has already been achieved.
- The eEurope Action Plans promote the diffusion of ICT and create a better social inclusion of citizens.
- In the framework of European Regional Policy funding the EU was able to support many programmes to increase local employment, improve education, urban renovations, health projects, etc. In the framework of the agreed “Education and Training 2010” work programme, Member States have agreed to put in place national Lifelong Learning Strategies by 2006.
- To tackle the issue world-wide the EU development policy sets as its main objective: to reduce and, eventually eradicate poverty. A variety of actions have been taken to focus the development policies on this objective. EU’s Development aid constitutes 55% of global aid flows and is a tangible expression of the Union’s commitment to the Millennium Development Goals (MDG). The primary focus of the Millennium Development Goals is poverty reduction. These overriding objectives give renewed impetus to further strengthening the poverty focus of EC Development policy. In this regard, the EU Union has made progress on focusing its development strategies on poverty reduction. The Monterrey and Johannesburg summits established the basis for new global partnership for poverty eradication and sustainable development. In view of the 2005 review of MDGs, the Commission submitted a report to the Council in October 2004 accompanied by an EU synthesis report (based on 25+1 reports planned for 2005) with policy proposals for the future.
- In January 2002, the first international review of the results-oriented partnership approach took place. This is based on nationally owned strategies for poverty reduction (often known as the Poverty Reduction Strategy Paper approach (PRSP). The Commission, like many other donors, has committed to use PRSPs, where available, as the starting point in designing its own response strategies (CSPs).
- On Food Aid and Food Security the Commission has made significant progress. Rural poverty is widely recognised as a crucial dimension in both the incidence and depth of poverty in developing countries. In adopting the Commission’s Communication Fighting Rural Poverty the Council, in its conclusions of January 2003, again stressed the importance of sustainable rural development and food security in the fight against poverty and invited the EC and the Member States to continue working together on these issues. One of the key issues is secure access to land. A Communication in support of land policy reform was adopted by the Commission in October 2004¹¹
- A total of 440.6 million Euro was allocated under the Food Security and Food Aid budget to 32 priority countries, mainly in Africa - and to international organisations, contributing

¹⁰ New Member States will submit their first National Action Plan during the course of 2004. They have already prepared bilateral Joint Inclusion Memoranda (ESTAT)

to the alleviation of hunger and the achievement of the first Millennium Development Goal.

6. AGEING SOCIETY

The issue

- The old age dependency ratio is forecast to increase from 24% in 2000 to 47% in 2050.
- Birth rates are still well below replacement rates in the EU, while life expectancy continues to climb.

Together these factors mean a slowly increasing population size but a decreasing workforce. Neither migration nor a rapid increase in birth rates can avert the sharp rise in the number of older people in the population. Active and healthy ageing will be the key to preventing pension and health care systems from becoming financially unsustainable and to evolving from an “ageing” society to a “longevity society”.

The policy response

- The Commission is working with Member States to prolong the working lives of older workers through reforms of the labour market and social protection policies, notably through the European Employment Strategy and the open method of coordination on social protection policies. The target is for 50% of 55-64 year-olds to be in work by 2010 and for the effective labour market exit age to be raised by five years by 2010. This means that disincentives to work longer will have to be removed, lifelong learning must be available, working conditions must be improved and early retirement discouraged. There is evidence that the trend towards early retirement is being reversed.
- Apart from tackling the financial side, healthcare systems need to be reformed to cope with expected demand from the increased number of elderly people. The Union is facilitating structured co-operation in this field and the exchange of good practice and should strengthen this by integrating the health dimension into the open method of coordination on social protection policies.
- The Public Health Programme promotes exchange of experience in the field of ageing, analyses current practices to promote health among the elderly and studies the impact of demographic developments on health systems and long-term care.
- The EU is also promoting the use of information and communication technology infrastructures and services to support older people, to try to reduce the cost of care. In this context, the Commission has adopted an Action Plan on eHealth and is preparing an initiative on ICT-supported independent living. Improving accessibility of all modes of transport for people with reduced mobility has been set as a key objective of the EU transport strategy.
- Ageing and its impact on pension and health care systems are issues faced not only by Europe but also by most other developed countries. It is equally becoming a concern for a number of developing countries, particularly middle-income ones.

7. *MANAGEMENT OF NATURAL RESOURCES*

The issue

- There is strong evidence of continuing biodiversity loss in the EU and worldwide. The EU has lost the vast majority of its natural woodlands, more than half of its wetlands, and a large proportion of its species-rich agricultural habitats, while some marine ecosystems are disrupted. At the species level, 335 vertebrate species – including some sea mammals and 38% of bird species – are at risk of extinction, while many fish stocks are outside safe biological limits. Figures for 2002 show populations of farmland bird species 13% below their 1990 level for a group of 11 EU Member States. Worldwide, over 11 000 species of plants and animals face a high risk of extinction in the near future, as species extinction is 1 000 to 10 000 times higher than the natural rate. Recent studies predict that environmental degradation could lead to the extinction of an eighth of the world's bird species, and climate change could make a quarter of all land animals and plants extinct by 2050.¹¹ Biodiversity loss undermines the livelihoods of the rural poor and is an impediment to achieving the Millennium Development Goals related to poverty eradication, health and environment.
- The proportion of fish catches in EU-managed waters that come from stocks considered to be outside safe biological limits may indicate the status of marine biodiversity. In recent years this proportion has been around 40 to 60 % for demersal fish (like cod, hake and other valuable fish) and between 30 and 50% for benthic fish (such as flatfish, monkfish, and crustaceans).
- The amount of waste generated throughout the Community has increased significantly over the last decades, but very few countries have yet shown signs of decoupling waste generation from GDP growth.
- Soil loss continues to be of concern. 20% of European shoreline is retreating or has had to be artificially stabilised. Over the past 50 years the population living in EU coastal municipalities more than doubled to 70 million people (16% of the EU25 population)¹². Built-up areas are spreading across Europe and increasing much faster than the population. Built-up areas have a heavy impact on soil functions.
- Fresh water is a finite and precious resource essential for sustainable life, for economic activities and for the environment. Equitable and sustainable water management is in the interest of society as a whole. The global water crisis threatens lives and even peace and security.

The policy response

- Actions taken to achieve the EU's target of halting the loss of biodiversity by 2010 include the creation of the Natura 2000 network, the reform of the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP), further integration of biodiversity into sectoral policies and horizontal environmental instruments (such as Strategic Environmental Assessment, the Water Framework and Environmental Liability Directives)

¹¹ See Malahide/INTRO, p.2

¹² European Commission (2004): Living with Coastal Erosion in Europe, sediment and space for sustainability, results from the erosion study.

and efforts for the development of biodiversity indicators and the Commission is working to ensure more effective integration of environmental considerations into its development cooperation.

- A review of the Community's Biodiversity Strategy (1998) and its four Biodiversity Action Plans (2001) has recently been undertaken feeding into the preparation of a prioritised roadmap to meet the 2010 target. The Commission also encourages and promotes sustainable tourism.
- Regarding resource efficiency, actions include the EU Directive on waste electrical and electronic equipment and EU Directives to limit the use of fossil fuels, such as the Directives on energy performance of buildings, the promotion of biofuels (Directive 2003/30/EC) and cogeneration of heat and power.
- The Commission has published a communication on Integrated Product Policy (IPP), which sets out a strategy to reduce the environmental impacts from products, taking a life-cycle perspective. Communications on the prevention and recycling of waste and on the sustainable use of natural resources have also been presented, feeding into preparations for long-term thematic strategies on these themes which are due in 2005.
- The Commission proposal for an EU Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT) to combat illegal logging and related trade was presented to the Council and the European Parliament in May 2003.
- International initiatives include the EU Water Initiative – Water for Life (EUWI) as a follow up to the WSSD. The EU's contribution in this area has increased following the launch of the EU Water Initiative at WSSD and the EU- African Strategic Partnership on Water Affairs and Sanitation. The EU-ACP water facility provides financing for a major component of projects for improvement of sanitation and reliable water resources. The MDGs include a specific target on water: to halve, by 2015, the number of people without sustainable access to safe drinking water. The EU is already the largest provider of development assistance in this area, investing around 1.4 billion Euro a year in water-related development aid and scientific cooperation.
- The EU is also the driving force behind the work to establish a ten-year framework of programmes on sustainable consumption and production.
- The EU is also the driving force behind the work to establish a ten-year framework of programmes on sustainable consumption and production.
- At international level, successful involvement of the EU has led to important decisions both at the last conference of the Parties to the Convention on Biological Diversity and the first meeting of the Parties to the Cartagena Protocol on Biosafety. Decisions related to strategic plans and programmes of work for, inter alia, plant conservation, marine and coastal biodiversity, forest biodiversity, alien species, and protected areas.
- In the period from 2000-2006, the EU spends large amounts of money from the Structural and Cohesion Funds to co-finance investments in the following sectors: 20 –billion Euro for environmental infrastructures (including water); 10 billion Euro for the rehabilitation and maintenance of industrial, urban and natural sites (excluding the restoration of the cultural heritage).

8. *TRANSPORT AND LAND-USE*

The issue

- The health impacts of air pollution, in particular ozone, NO₂ and fine particulates from diesel vehicles remain a matter for concern, despite a drop in emissions of many pollutants due to improvements in fuel and vehicle technology.
- Energy efficiency per vehicle has improved substantially, but this has been more than offset by the growth in the volume of transport, which has caused transport CO₂ emissions to rise, thereby neutralising reductions achieved in other sectors.
- While land-based road transport is increasing at the same rate as GDP, freight transport is growing approximately 3% per year.
- Air transport is the fastest growing transport sector at rates of 6 to 9% per year in the EU. The growth in traffic outstrips technology improvements resulting in an increase in the climate impacts from air transport. They will soon exceed those from road transport and by 2030 will be twice as high.
- The extent of built-up areas in Europe continues to grow faster than population, contributing to an unsustainable trend of increases in traffic, infrastructure costs, use of private cars, and social segregation in urban areas.

This also causes soil sealing and fragments natural, semi-natural and agricultural areas, thus threatening biodiversity.

The policy response

- The EU is encouraging a shift from road transport to modes with lower environmental impacts, such as clean buses, shipping and rail, including by funding trans-European network projects, as proposed in the Commission's Transport White Paper.
- The trans-European transport network aims to contribute to economic cohesion and growth in the EU and to promote modal shift. In the period 2000-2006 the European Regional Policy funding will add 40 billion euro to numerous infrastructure projects. These include the Trans-European Networks and also smaller road connections, rail infrastructure, investments in waterways, etc.
- Opening up the market for rail freight transport is designed to enhance the competitiveness of railways and, together with the Marco Polo programme, to facilitate modal shift.
- Significant progress has also been made in vehicle and fuel technology, due to EU legislation and initiatives.
- The Commission is proposing that Member States introduce infrastructure charging to influence transport demand by moving towards a situation where prices paid by transport users reflect the full costs to society. (i.a. Eurovignette Directive).
- The 2002 Environmental Noise Directive provides common rules on noise mapping and noise management applicable to major transport infrastructures.

- The EU ship emission strategy aims at reducing ships’ contribution to air pollution, and includes a proposal to limit sulphur content of marine fuel.
- The Transport and Environment Review Mechanism helps to monitor progress in integrating environmental concerns into transport policy, including the internalisation of environmental costs.
- Support is provided (under the Civitas, CUTE and Intelcities initiatives) to pioneering cities who introduce improved urban transport including measures to encourage a better mix of transport modes and clean vehicles (including hydrogen vehicles) and spread best practice.
- The EU’s Structural Funds include a specific programme (Urban II) for the sustainable development of cities and declining urban areas.
- The Commission is preparing a Thematic Strategy on the Urban Environment, which is due to be published in 2005.
- The EU has promoted sustainable transport as part of its development policies, as an essential service for achieving the Millennium Development Goals. Programming of 9th European Development Fund support to the transport sector during 2002 was guided by the ‘Transport programming guidelines’, the Commission’s Communication ‘Promoting sustainable transport in development cooperation’¹³ and the Transport Sector Guidelines “Towards sustainable transport infrastructure: a sectoral approach in practice”.
- Transport is one of the priorities in the Tacis and Central Asia regional Programmes. Under the name of TRACECA, the Commission supports the creation of a common transport corridor from Europe to Central Asia. Since 1993, the Commission has funded 53 investment and technical assistance projects with 110 million Euro. In 2003, eleven more projects were identified with a total budget of 12 million Euro. In the Western Balkans, the Commission chairs the Infrastructure Steering Group (ISG), which includes, among others, the EBRD, EIB and World Bank. This completed the Regional Balkan Infrastructure Study in 2003, while the Transport Project Preparation Facility started work in September 2003 with a completion date of December 2004. A needs assessment of Aviation Safety and Air Traffic Control of the five CARDS Countries was completed in November 2003 and seven projects were selected for implementation.

¹³ (COM(2000) 422)

External aspect of sustainable development

In 2003, the Commission reported on its efforts to implement the World Summit for Sustainable Development (WSSD) in its Communication “WSSD one year on, implementing our commitments” (COM (2003)829 final). In addition to the elements described in this Communication, the promotion of sustainable development at the global level has entailed inter alia the following EU actions.

9. *HARNESSING GLOBALISATION*

The issue

- Sustainable development has to be achieved against the background of increasing globalisation. Often problems – and also solutions – have to be seen in a global context. While globalisation can bring about benefits in terms of growth and poverty alleviation, the gains are not evenly spread between and within countries and unregulated exposure to globalisation can have negative impacts on the environment and society. Therefore, it is vital that the developing world is effectively and equitably integrated into the global economy if growth is to be sustainable.
- The EU supports a coherent and holistic approach to questions relating to globalisation in WTO, International Financial Institutions (IFIs) and across UN bodies, as well as the strengthening of key bodies, including the ILO.

The policy response

Trade policy can contribute to harnessed globalisation through two main strands:

- The ongoing WTO-negotiations, the Doha Development Agenda (DDA), which are essential to create the necessary balance between market access and a rules-based framework, to improve the participation of developing countries in the global economy and to address the impact of trade liberalisation on key non-trade objectives: environmental protection, public health, consumer safety and social development. The EU has tabled important pro-development proposals on a large number of negotiating issues, including on market access, agriculture, services and rules (on e.g. fisheries subsidies). In order to underpin the DDA outcome and the efforts to integrate developing countries into the global trading system, trade related assistance (TRA) is one of the priority areas for the EU's development co-operation. The EU is also the main driver in the trade and environment negotiations which inter alia aim at liberalising trade in environmental goods and services and avoid conflict between trade rules and the environment. In the vital area of health and access to medicines, the EU also played an essential role in achieving the adoption of a Decision to promote access to affordable medicines¹⁴.
- Promotion of the contribution of trade to sustainable development beyond the scope of the DDA, inter alia through:
 - Bilateral and Regional agreements: The Commission pursues its efforts to include

¹⁴ The August 2003 WTO Decision on the Implementation of Paragraph 6 of the Declaration on the TRIPs Agreement and Public Health

a substantive element on sustainable development in all ongoing or future bilateral or regional negotiations. The sustainable development agenda includes e.g. common commitments for sustainable development (on all three pillars) and the setting up of institutional mechanisms to monitor implementation of the agreement. Work on the sustainable development dimension has already been initiated for the negotiations of the Mercosur - Agreement and the Economic Partnership Agreements (Peas) under the Cotonou Agreement.

- Sustainability Impact Studies, SIAs: SIAs is a tool which is at the core of the EU's efforts to internalise sustainability considerations into its trade policy, in particular its trade negotiations, on a multilateral, regional and bilateral level. The SIA tool is constantly being developed and refined. The SIA consultation process is crucial and the Commission is putting emphasis into establishing effective networks and in bringing together interested parties from different origins, including developing countries.
- Generalised System of Preferences, GSP: The Commission has adopted a proposal on the EU system of trade preferences (GSP) for the period 2006-2008. The Commission has proposed to improve the current system in a number of areas: i.e. expanding the product coverage; focusing the benefits on those developing countries most in need; and setting up an additional GSP benefits scheme (GSP+) to encourage adherence to international environmental and social conventions. The Commission hopes that the proposal can enter into force as early as possible and no later than 1 July 2005.
- Corporate Social Responsibility, CSR: The EU supports the engagement of the private sector in the promotion of social or environmental standards and good corporate practice. The Commission is also active with global instruments on CSR, in particular the OECD Guidelines for Multinational Enterprises. The EU includes CSR provisions in Free Trade Agreements (FTA) and cooperation Frameworks, as was done for EC-Chile FTA and the EU-Japan investment promotion cooperation. The EU will strive to do so also in the EU-Mercosur and EPAs agreements. A new Communication on CSR is scheduled for the first half of 2005.
- Trade expansion: In order to facilitate access for exports from developing countries to the EU, the Expanding Exports Helpdesk has been established by the Commission. The Helpdesk is an online resource which provides relevant information required by developing country exporters interested in supplying the EU market.

Also the integration of environmental consideration in the decisions of export credit agencies is an important step forward and has been strongly supported by the EU¹⁵. Additionally, the EC has just tabled a new initiative in the OECD aimed at making ECA activities fully supportive of "Johannesburg" projects in the field of renewable energies and water.

¹⁵ See the 'OECD Recommendation on common approaches to officially supported export credits'

10. BETTER GOVERNANCE AT GLOBAL LEVEL

The issue

- Good governance is essential for sustainable development; the rule of law, a predictable and stable business environment, and transparent and non-arbitrary policy making are all prerequisites for investment, trade and economic growth, as well as for the sustainable use of natural resources.
- Good governance and the promotion of democracy have been identified by the international community, including the European Union, as critical factors in reaching the Millennium Development Goals. The Millennium Declaration states that creating an environment that is conducive to development and to the elimination of poverty depends, inter alia, on good governance within each country, on good governance at the international level and on transparency in the financial, monetary and trading systems. In Monterrey heads of state and government agreed that good governance at all levels is essential for sustained economic growth and poverty reduction and sustainable development in general.

The policy response

- Good governance at international level often depends on good governance at national level, not least the co-operation and co-ordination between ministries so that national contributions to international bodies are coherent. The EC policy on institutional capacity building, good governance and the rule of law has been addressed in a Communication on Governance and Development¹⁶. The approach is a practical one and focuses on institutional capacity building and dialogue on governance in different types of country situations, i.e. difficult partnerships, post-conflict situations and effective partnerships.

The Commission has been steadily pushing for reinforced multilateralism and is, inter alia, supporting a common framework for the follow-up to major UN conferences. It is developing strategic partnerships with UN Agencies, Funds and Programmes in order to reinforce co-operation at all levels.

In the field of international environmental governance, the EU has ratified a significant number of multilateral environmental agreements. However, ratification is only a step on the way. Much more needs to be done before these agreements are also implemented. The EU has also supported the strengthening of UNEP.

EU leaders have moreover agreed to set up a “Green Diplomacy Network” to make more effective the use of EU diplomacy in support of its environment and sustainable development agenda.

- In addition, strengthened international governance for sustainable development has been at the heart of the EU’s efforts to develop effective multilateralism.

¹⁶ COM (2003) 615 final

11. FINANCING FOR DEVELOPMENT (FFD)

The issue

- The EU defined its contribution to the FfD process in eight explicit commitments, endorsed by the European Council in Barcelona. It is essential to fulfil these commitments in order to work towards meeting the Millennium Development Goals and the target of 0.7% Overseas Development Aid (ODA) of Gross National Income (GNI).

The policy response

- The latest monitoring report forecasts¹⁷ that ODA levels in the enlarged EU (25 Member States), as a collective, will exceed its intermediate target of 0.39% ODA/ GNI and provide 0.42 % of its GNI in ODA by 2006, or an estimated 38.5 billion Euro. The total volume of additional resources during 2002 – 2006 is 19 billion Euro.
- Some Member States, which have not yet met the UN target of 0.7% ODA/GNI, have chartered new steps and set a timetable for reaching this goal.

For others it will be more difficult to deliver upon their individual commitments. As the financial gap towards the financing of the Millennium Development Goals is far from being fulfilled and additional efforts are still necessary, the challenge ahead consists in ensuring that these positive trends be sustained in all Member States and in defining new intermediate targets beyond 2006.

¹⁷ COM (2004) 150 final: Translating the Monterrey Consensus into practice: the contribution by the European Union.