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Progress Report on the Sustainable Development Strategy 2007

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TABLE OF CONTENTS

1.	Introduction.....	3
2.	Ensuring coherence across EU Strategies and partnership between actors	3
3.	Assessment of progress made on the key challenges.....	4
3.1.	Climate Change and Clean Energy	4
3.2.	Sustainable Transport.....	5
3.3.	Sustainable Consumption and Production	6
3.4.	Conservation and Management of Natural resources	7
3.5.	Public Health.....	9
3.6.	Social Inclusion, Demography and Migration	10
3.7.	Global poverty.....	10
4.	Cross Cutting Policies	11
4.1.	Education and Training.....	11
4.2.	Research and Development.....	12
4.3.	Financing and Economic Instruments.....	12
5.	Delivering in partnership.....	13
5.1.	Communication, Mobilising Actors and Multiplying Success	13
5.2.	Producing Results	13
6.	Conclusion.....	14

1. INTRODUCTION

In 2005 the European Council set out principles to guide Europe on a sustainable path of development. These principles include the ongoing need to foster economic prosperity based on an innovative, competitive and eco-efficient economy, protecting and improving the quality of the environment; promoting equity and social cohesion in solidarity with the rest of the world. In 2006 the European Council adopted a renewed Sustainable Development Strategy (SDS) that sets out a single, coherent plan on how the EU will more effectively live up to these principles and the overarching objective of sustainable development enshrined in the Treaty. The plan consists of seven key challenges which must be tackled if Europe is to move along a sustainable development path and maintain current levels of prosperity and welfare. It recognised that SDS goals can only be met in close partnership with the Member States and hence set in motion a new process of review and reporting involving the Commission and the Member States.

This Progress report is the first stocktaking based on this new way of working. It reviews results in moving towards the seven core objectives and identifies policy initiatives at both EU and MS level that have contributed to these results. Because it would not have been possible to show meaningful trends on the basis of one year's data, 2000 is taken as a baseline against which progress is measured in the different areas.

This report gives a first snapshot of the state of play.¹ It shows relatively modest progress on the ground. Development of policy initiatives at both EU and Member States level is more encouraging. For example, climate change and sustainable energy have become top priorities for the EU's domestic and international agendas. This far reaching progress on the policy front should bring results on the ground in the years to come. There appears to be increasing convergence between the different actors on priorities: the EU, Member States, citizen groups, NGOs and business are increasingly focusing on the same issues and working to meet the same goals.

The stocktaking provides the basis for discussions, in the various sector policy fora, in the context of follow-up to the 2002 World Summit on Sustainable Development and in the SDS coordination framework, on the need to adjust the course or speed of policy initiatives, with a view over the longer terms of readjusting objectives and recalibrating targets.

2. ENSURING COHERENCE ACROSS EU STRATEGIES AND PARTNERSHIP BETWEEN ACTORS

One of the key imperatives of the 2006 strategy was to engage all actors – the EU, Member States at national, regional and local levels and civil society and business - in partnership to focus on the same priorities and to try to ensure coherence across policy areas. This is a long term process but experience in the first year of implementing the strategy demonstrates that it can be done.

¹ The analysis of progress on the SDS is, as requested by the Council, based on different sources - national reports provided by the national SDS coordinators as set out in the EU SDS, the Eurostat monitoring report based on Sustainable Development Indicators (SDIs) using the year 2000 as a baseline and a Staff Working Paper of the Commission as well as an Independent Consultancy study.

The review has shown that ensuring coherence across policy areas is a challenge at all levels of governance. At EU level, the challenge is to work towards convergence of the overarching long term objective of sustainable development, focusing on quality of life, inter-generational equity and the long-term viability of European society, and the medium term goal of growth, competitiveness and jobs under the Lisbon strategy. The energy and climate change agenda provides a good example of how these medium and longer term strategic goals have converged. The Single Market is another example, demonstrating how market opening when accompanied by social and environmental measures, can promote growth and well being. The EU Better Regulation programme has also contributed to ensuring coherence across policy areas by requiring the systematic assessment of economic, social and environmental impacts of all major policy initiatives.

3. ASSESSMENT OF PROGRESS MADE ON THE KEY CHALLENGES

The following reviews the state of play in each of the seven priority areas of the SDS. It highlights actions taken at both EU and Member State level to move towards policy goals. All the challenges are interlinked; hence solutions in one have an impact on the others and are mutually supportive.

3.1. Climate Change and Clean Energy

The EU is making progress in reducing greenhouse gases (GHG) and projections indicate that the Community will reach its Kyoto target provided that Member States put in place and implement as soon as possible their planned additional policies and measures, while the EU economy is growing.

In 2005, EU-15 emissions of greenhouse gases had decreased by 2% compared to their Kyoto base year value.

Meeting Kyoto targets will require increased reliance on renewable energy sources. consumption of renewable energy sources as a whole for the EU-27 increased at an average rate of 3.2% per year during the 1990s, growing to 4.1% between 2000 and 2005. In spite of this increase, because of the relatively high growth rate of gross inland consumption, the share of renewables in final energy consumption only reached 8.5% in 2005. The average annual growth is insufficient to reach the 2010 target of 12% in overall consumption. In 2005, the share of biofuels represented only 1.08% for the EU-27, far from the 2010 target of 5.75%

There have been significant forward looking policy developments in this area at EU level, the most important being the March 2007 European Council's new Integrated Climate Change and Energy policy which sets ambitious binding 2020 targets for greenhouse gas (GHG) reductions, renewable energies and biofuels. Other initiatives include an Energy Efficiency Action Plan (October 2006) and work on carbon capture and storage.²

² Communication of 10 January "Limiting Global Climate Change to 2 °Celsius: The way ahead for 2020 and beyond" and "An Energy Policy For Europe".

Almost all Member States have now adopted national climate change strategies, either as a separate strategy or as a part of national energy policy packages. Some have set up specific offices and scientific councils to deal with climate change (UK,SE). Some are taking initiatives on taxation. 23 National allocation plans under the Emissions Trading Directive were adopted in 2007 reducing emissions to 1903.43 Mt annually instead of the 2101.64 Mt initially proposed by Member States.

Continued efforts need to be made to meet climate change and energy targets within the agreed deadlines. This will require continued attention to making a success of the Emissions Trading scheme; promoting renewables and sustainable use of biofuels and developing climate change adaptation strategies and plans.

3.2. Sustainable Transport

Europe is not yet on a sustainable transport path. Energy consumption by transport, used as a proxy for transport demand, grew at an average rate of 1.3% per year between 2000 and 2005 in the EU-27, only slightly less than the 1.7% average for GDP over the same period, showing no real signs of decoupling.

Transport GHG emissions are still growing, with an average annual growth rate of 1.2% between 2000 and 2005 in the EU-27. In 2004, domestic transport was responsible for 21% of total greenhouse gas emissions in EU-15. It grew by 26% between 1990 and 2004 whereas emissions from most other sectors decreased during the same period. Average CO₂ emissions emitted per kilometre from new passenger cars have decreased steadily from 2000 to 2004 in the EU-15, at an average annual rate of 1.3%, but this rate of change is slower than in the previous decade, and is not sufficient to reach the 2008/09 target of 140 grams per kilometre, or the 2012 target of 120 grams per kilometre.

The objective of achieving a balanced shift towards environmentally friendly transport modes has not been achieved. The EU-27 share of road in inland freight transport has continued to increase, albeit relatively slowly, since 2000 to reach 76.5% in 2005. Passenger-kilometres by car showed a relative stabilisation in the EU-15, but still reached 84.8% of total inland passenger transport in 2004. Road congestion has been increasing.

On the positive side, progress has been made on reducing pollutant emissions from transport, with emissions falling by 4.4% per year on average between 2000 and 2004 for ozone precursors, and by 4.2% for particulates.

Likewise, despite the increase in road traffic, there has been a steady reduction in the numbers killed in accidents in both the EU-27 and the EU-15. The EU-15 is well on track to meet the proposed target of halving the number of deaths by 2010 compared to 2000, but the EU-27 lags slightly behind.

Key EU policy developments include the Commission's mid-term review of the Transport White Paper; the Green Paper on Urban Mobility, the adoption of Regulations (known as Euro 5 and 6 standards) setting stricter standards for cars and light commercial vehicles; and Commission proposals to amend the fuel quality directive and Directive 2003/96 regarding minimum excise rates for road diesel and to include aviation within the EU emissions trading scheme. A railway liberalisation package has been adopted and the legal framework for public transport services has been revised.

Member States are taking a range of actions to move towards more sustainable transport and environmentally-friendly transport modes. Only a few Member States (FI) have transport strategies. Others have written sustainable transport into other strategies (eg national spatial planning, financing strategies (IE, IT). Other initiatives range from lorry tolls (AT) to modernisation of road infrastructure and taxes (BG). Some Member States have adopted fiscal measures to stimulate the reduction in GHG emissions, promoting smaller, more fuel efficient vehicles (DK, BE), alternative fuels (RO) and bio-fuels (AT, BG), providing exemptions from excise duty (DK), tax subsidies (HU) and financial incentives (IT). Some Member States have implemented local speed limits and introduced park-and-ride schemes (AT, MA). Many are taking actions to promote a shift towards environmentally friendly multimodal transport modes (DK, HU) both for passengers (CZ) and for freight (NL). Public transport initiatives include investment schemes in rail (national, regional and suburban), road charges and specific initiatives to promote bicycling (AT, BG, DK, FR, IT, UK). On road safety, some have adopted National Road Safety Strategies (CZ, GR), others have focused on improved inspections of vehicles (eg BG) and stringent speed control systems (FR).

Further steps can be taken. Measure which Member States could take include promotion of technology for fuel efficiency, greener propulsion and environmentally friendly, less energy intensive modes of transport; tightening of pollutant emission standards and GHG intensity for all transport modes; continuing the development of noise mapping and measures to reduce transport noise at source; launching action on urban mobility and making optimal use of logistics; and development of methodologies for infrastructure charging.

3.3. Sustainable Consumption and Production

Sustainable consumption and production is difficult to measure reliably on a broad basis. That being said, the headline indicator 'Resource Productivity' reveals a decoupling of material consumption from economic growth. Furthermore, more businesses are reporting on environmental performance and there are a rapidly increasing number of sustainable products and services on the market. But, despite this progress, there is untapped potential. For example, in the EU, the average material intensity is approximately 1 kg/EUR, which is slightly less than in the United States, but twice as high as in Japan³. The EU could save at least 20% of its present energy consumption in a cost-effective manner, equivalent to €60 billion per year, or the present combined energy consumption of Germany and Finland.

The EU has taken a number of initiatives to review, stimulate and foster sustainable production and consumption: implementation of the eco-design aspects of the Energy Using Products Directive; and, the EU Environmental Technologies Action Plan⁴; and continued work on an Environmental Technologies Verification System. The EU, with the support of the Member States, continues to work to improve on eco-labelling and environmental monitoring systems. But, the number of products which have an eco-label remains small and there is very limited uptake of EMAS, with the number of registered EMAS companies estimated at 5000 (out of a total of roughly 29 million companies operating in the EU).

³ EEA Report, *Sustainable use and management of natural resources*, n°9/2005.

⁴ http://ec.europa.eu/environment/etap/pdfs/comm_pdf_com_2007_0162_f_en_acte.pdf

Member States have a variety of strategies and action plans dealing with aspects of sustainable consumption and production. There are a number of publicity campaigns and actions aimed at promoting sustainable consumption, such as the UK guide to greener living and their 'Every Action Counts' campaign, school competitions in schools promoting sustainable consumption (AT) and a "Green Responsibility" campaign (DK).

Public authorities across the EU are taking action to stimulate and support corporate social responsibility (CSR). In the Netherlands, the authorities established CSR Netherlands, a foundation for the exchange of knowledge and experience. Companies listed on French stock exchange are obliged by law to include social and environmental information in their annual reports.

Ten Member States have adopted national action plans on green public procurement (GPP) and some have set national GPP targets. In the Netherlands, public procurement is to be 100% sustainable by 2010. The UK adopted a Sustainable Procurement Plan. The Swedish Environmental Management Council, a company co-owned by the central and local government and by the Confederation of Swedish Enterprises, provides expertise, training and a web-based tool to public purchasers that want to include environmental requirements in technical specifications.

Member States are actively encouraging business innovation and uptake of environment technology. Joint government and business bodies have been set up to strengthen business opportunities and the development of environmental technologies (SE, UK). Some Member States are improving access to finance for environmental technologies, including financial incentives (UK) and awarding innovation prizes to companies (IT). SI has set up an environmental technologies excellence centre. 21 Member States have completed roadmaps for implementing the Environmental Technologies Action Plan (ETAP).

More can be done. Forthcoming actions include - implementing the Integrated Product Policy approach; strengthening green public procurement; revision of the EMAS and Eco-label schemes and; fostering research into less resource intensive products and production processes.

3.4. Conservation and Management of Natural resources

This challenge touches a number of different areas. Progress towards reducing the overall use of non renewable natural resources is measured through Domestic Material Consumption (DMC). DMC has decreased by 0.8% per year on average between 2000 and 2004, reversing the trend of a slow average growth of 0.1% per year from 1990 to 2000⁵. Resource productivity has increased by 2.3% between 2000 and 2004. There is a certain degree of stability within some elements of this challenge, including areas such as resource efficiency, forestry and waste generation. However, certain sub-indicators for biodiversity, such as trends in some fish stocks, show areas of great concern.

⁵ EUROSTAT 2007 Monitoring report.

The situation regarding specific resources such as water, air and soil, as well as in regard to biodiversity and fisheries is diverse and complex, with complete EU27 data often lacking. From 2000 to 2003, most of the Member States for which data are available appear to have reduced the pressure on water resources by reducing their abstraction of groundwater. The situation for surface water is not as clear. There has been some progress in improving air quality, with harmful emissions from transport – ozone precursors, acidifying substances and fine particles – declining between 1990 and 2004. Soil quality continues to deteriorate with climate change exacerbating both greenhouse gas emissions from soil and threats such as erosion, landslides, salinisation and organic matter decline. Depletion of fish stocks remains problematic. A considerable proportion of fish catches in EU-managed waters is taken from stocks that are already below their safe biological limits, particularly for highly valued species (white fish). Trends in demersal and benthic fish stocks, such as cod, plaice and sole, remain of concern. Whilst common bird populations seems to be stabilising, a recent study shows that 15% of Europe's mammal species are threatened, and a further 9% are close to qualifying for threatened status. 27% of European mammals have declining populations. Only 8% of mammal species populations are increasing.

Key EU initiatives to foster resource conservation and biodiversity include: ongoing implementation of the air quality and water framework directives as well as the Birds and Habitats directives; the implementation of the New European Fisheries Fund; the Thematic Strategy on Soil Protection; the "Forest Law Enforcement, Governance and Trade (FLEGT) Initiative".

Most Member States have made efforts to improve management and avoid overexploitation of renewable natural resources, in particular in areas of agriculture, forestry, fisheries, promoting biodiversity, water management and waste management. All are actively implementing the waste, air quality and water framework directives. The focus of activities naturally differs from Member States to MS with the new Member States, for example, more concerned with waste water treatment. Some (AT, DE) have raw materials action plans aimed at improving resource efficiency. Most have taken specific actions to halt biodiversity loss and to designate Natura 2000 areas. Performance in reaching biodiversity targets and on NATURA designations varies significantly between Member States. However, the index of sufficiency of sites designated under the Habitats directives reached 93% in the EU-15 and 82% in the EU-25, with many Member States reporting that they have completed their network or are close to it.

Forthcoming actions should include an overall strengthening of the integration of biodiversity impacts into policies and programmes (including the CAP health check); continued attention to the implementation of the waste, air quality and water framework directives; completion of the NATURA 2000 network of protected areas both on land and at sea, and ensuring effective management and financing of the network; strengthening effectiveness of international governance for biodiversity. The EU target of halting the loss of biodiversity by 2010 and contributing to a significant reduction in the worldwide rate of biodiversity loss by 2010 will not be met unless substantial additional efforts are made. Member States have a particular responsibility through improved planning, to reconcile land use and development needs with the conservation of biodiversity and maintenance of ecosystem services.

3.5. Public Health

Europeans are not only living longer, but they are living a greater part of their lives unaffected by serious health problems. Fewer people are dying from chronic diseases. There is a continuous reduction in the incidence of serious accidents at work.

On a less positive note, life style illnesses such as obesity and mental illness are becoming an increasing problem. Depending on the country, between 30 and 64 % of young males aged between 25 and 34 were overweight or obese in 2003 and between 12 and 47 % of young women. The proportion of over-65s who are overweight or obese is considerably higher, ranging from 62 to 80 %. Obesity increases risk of Type 2 diabetes, cardiovascular diseases, certain forms of cancer as well as greater ill health due to back pain and depression.. Estimates of *direct* costs of obesity in the EU in the 1990's ranged from 1% of health care expenditure in the Netherlands and up to 3.1-4.2% in Germany, and 6% in Belgium.

Smoking continues to present health problems. 26% of Europeans were regular smokers in 2003 - 32 % of males and 21 % of females.⁶

Concerning mental health, while the suicide rate is decreasing overall, 60 000 suicides occur annually, exceeding the number of Europeans killed in transport accidents. Some 11.5% of Europeans suffer from a mental disorder. Mental health problems currently cost the EU at least 3-4% of GDP. The WHO predicts that after heart disease depression will be the second global disease by 2020.

Health inequalities, measured by differences in life expectancy between social groups range from 4-6 years among men to 2 to 4 years among women. In some countries, these differences are considerably higher (10 years) and in many countries the gap appears to have widened over the last 3 decades. Most of the Member States which joined the EU since May 2004 have significantly worse health indicators than those states which were members before May 2004.

Whilst most policy action is taken at Member State or local level, the EU has taken a number of initiatives of direct relevance to public health - a review of the options for general food and nutrition labelling; a White paper on 'A strategy for Europe on Nutrition, overweight and obesity related health issues'; an action plan on combating HIV/AIDS within the European Union and its neighbours; a proposal for a framework directive on the sustainable use of pesticides, and a new EU Animal and Health Strategy for the period 2007-13.

Member States are actively pursuing initiatives to curb lifestyle related diseases, pandemic preparedness, and to improve the handling of chemicals. They did not report extensively on their activities in the area of food and feed legislation, animal welfare, mental health or on reducing health inequalities. There is only limited evidence of good inter-ministerial and inter-sectoral cooperation on public health.

⁶ EUROSTAT 2007 Monitoring report and Commission DG sources as well as international sources including WHO.

In general, the EU and Member States need to continue actions to curb the current increase in lifestyle related diseases. Continued attention should be paid to health and environment (chemicals and air born pollution impacts). The persistent health inequalities in Europe warrant further consideration both at EU level and by Member States.

3.6. Social Inclusion, Demography and Migration

A sustainable Europe has to build solidarity between and within generations so as to increase the quality of life generally. It is worrying that 16% of the EU population is at risk of poverty, with children, single parents and the elderly being particularly vulnerable. Integration remains a challenge in many Member States, with non-native populations in some Member States suffering from persistent high unemployment. Unemployment rates of youth remain high and a high number of school leavers present a problem in some Member States.

On the positive side, unemployment is down overall and there has been modest progress on ensuring social and territorial cohesion, although there are considerable differences in wealth between the richest and poorest regions of the EU. Social protection systems are being modernised in view of demographic change. Women are increasingly participating in the work force and the average age when individuals leave the work force is increasing. Member States are reforming their pension and health care systems.

The open method of coordination is the EU's main policy tool in its fight against social exclusion and poverty. Recent initiatives include a new Council framework for social protection and social inclusion; a new roadmap 2006-10 for equality between women and men, and a Communication addressing the demographic future of Europe. A broad policy plan on legal migration (comprising a framework directive and four specific directives) will be implemented in 2007-2009.

All Member States have presented strategies for social protection and social inclusion 2006-2008 covering all three areas. The scale and phasing of meeting demographic challenges vary significantly between countries, as do the policy responses.

Further work in this area should focus on making social protection, health and pension systems sustainable in light of demographic trends. As part of the broader labour market strategies, the Member States will need to continue to implement measures that will increase the labour market participation of women, older and younger workers as well as migrants. Flexicurity, which provides a balanced approach to flexible contractual labour arrangements while providing appropriate support for the individual, is being developed as part of Member State's response to these challenges. Member States should also continue their work on developing comprehensive lifelong learning strategies, effective labour market policies and modern social security systems.

3.7. Global poverty

There are some encouraging developments in delivery of the Millennium Development Goals (MDGs). Global poverty fell by almost 4% since 2000, meaning that 134 million people were lifted out of serious poverty. The primary school completion rate has improved from 78% in 2000 to 83% in 2005. Aid quality and effectiveness is improving. However, pressures on environmental sustainability remain high, notably access to key resources such as water, wood or arable land

which potentially dramatic impacts for the livelihood of the poorest and could be a cause of conflicts.

On the other hand, 1 billion people still remain in extreme poverty. All developing regions fail to meet the target for reducing child mortality and one-third of all children in developing countries are underweight or have stunted growth. Half of the people in developing countries lack access to improved sanitation. After a low around the year 2000, there was a sharp increase in the EU-15 ODA/GNI contributions, resulting in an increase from 0.32% to 0.44% between 2000 and 2005. However this growth stalled in 2006, when ODA/GNI fell slightly to 0.43% and the EU fell slightly behind on its 2010 intermediate target path.

There has been progress on policy development at EU level. In December 2005, the three EU institutions agreed “The European Consensus on Development”, which puts eradication of poverty at the centre of EU development policy. The EU is the largest donor in the world and its EU Africa Strategy gives priority to cooperation with Africa (Joint EU-Africa Strategy 2007). The EU is also very active in the Mediterranean through its neighbourhood policy and in its cooperation with Latin America and Asia. Many new policy initiatives have been taken to strengthen EU coordination and coherence of aid.

Five years after the World Summit on Sustainable Development (WSSD 2002) there is only modest progress on some WSSD goals and targets. However, the EU and the Member States are committed to actively promoting sustainable development worldwide and ensuring that the EU's internal and external policies are consistent with global sustainable development. This is a very broad objective, and Member States tend to focus more on specific themes or geographic regions that are particularly important to them.

On the volume of aid, it is still possible to achieve the intermediate target of 0.56% in 2010 moving towards the MDG target of 0.7% of GNI by 2015. However, it is clear that significant further efforts are needed to achieve the goal. Many challenges remain – including: to further develop the use of general budget support as an aid delivery mechanism; to tackle the growing challenge of environmental migrants and internally displaced persons; to increase Member State commitment to the water and forests initiatives; to ensure that the environmental element of sustainable development is sufficiently considered in the allocation of aid; to work towards an international environment governance system that can deliver sustainable development and to ensure that trade policy contributes to sustainability. Further cooperation and coordination of aid is clearly essential if the EU is to make a marked contribution to achieving the MDGs.

4. CROSS CUTTING POLICIES

4.1. Education and Training

Education and training are prerequisites to equipping citizens to achieve sustainable development goals. The Education and Training 2010 work programme is the policy framework for European actions in education and training, within which Member States have agreed on five key benchmarks to be met by the year 2010: reducing the number of early school leavers; increasing the literacy level of 15 year olds, and; boosting the levels of upper-secondary completion. The programme aims to improve quality and access for all. Increasingly Member States are responding to these

challenges and are incorporating sustainable development challenges in their education systems. The increase in EU-25 lifelong learning from 7.5 % in 2000 to 9.6 % in 2006 in the EU-25, is encouraging in the light of the Barcelona target of reaching 12 % by 2010.

4.2. Research and Development

Research and Technological Development is essential for designing the innovative and forward looking solutions needed to make real progress on the seven key challenges. Eurostat data shows that investment in research and development in terms of percentage of GDP stagnated between 2000 and 2005, at 1.9 % in 2005 in the EU-15 and 1.4 % in the EU-25, far from the EU target of 3 % of GDP by 2010.

One of the main objectives of the Seventh RTD Framework Programme (FP7), launched in January 2007, is to mobilise European research for sustainable development.⁷ In the first year of implementation 2007, 40% of the cooperative research actions called for are directly or indirectly related to the EU SDS challenges. Two Joint Technology Initiatives, "Clean Sky"⁸ and "Fuel cells and Hydrogen"⁹ have been proposed. Fifteen working technology platforms and fourteen ERANETS are also dealing directly with the EU SDS challenges. The Commission has developed guidelines on the use of tax incentives and public procurement to boost investment in private sector research and has revised its framework on State Aid to support R&D and innovation activities.

Member State reports show that most national research policies are putting R&D at the service of the seven EU SDS key challenges, in a European Research Area perspective.

The Commission will further pursue its efforts to put R&D at the service of sustainable development with a view to exploiting the synergies between the Lisbon strategy for growth and jobs and the EU SDS.

4.3. Financing and Economic Instruments

A wide variety of market based instruments (taxes and emission trading system) and policy specific market incentives (financial support to R&D, innovation and demonstration on specific issues) are used at EU and Member State level to support sustainable development. There is more potential for the use of market based instruments.

In March 2007, the Commission adopted a Green Paper on the use of market-based instruments for environment and energy related policy purposes and in the course of 2008 the Commission will review the Energy Taxation Directive¹⁰ and start to examine how to identify and phase-out environmentally harmful subsidies. The Commission proposed legislation to re-structure passenger car taxation¹¹ and to coordinate taxation of unleaded petrol and gas oil used as motor fuel.¹²

⁷ Decision No1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for Research, Technological Development and Demonstration activities (2007-2013)-whereas 29 and Annex 1.

⁸ COM(2007)315 final.

⁹ COM(2007)571 final.

¹⁰ Council Directive 2003/96/EC.

¹¹ COM(2005)261.

¹² COM(2007)52.

The European Regional Development Fund and the Cohesion Fund are major EU financial instruments providing significant financial support for the 2007- 2013 period to key areas of the EU SDS such as climate change (€ 9 bn) and sustainable transport (€ 36 bn). Cohesion policy applies the sustainable development principles of both 'Involvement of citizens' and 'Policy coherence and governance', by including all stakeholders at all levels of government, as well as promoting coherent policy making across different sectors.

5. DELIVERING IN PARTNERSHIP

5.1. Communication, Mobilising Actors and Multiplying Success

The EU SDS can only work efficiently and effectively if it is appropriately communicated and implemented at all levels of society, involving citizens, businesses and government. Both EU and Member States have undertaken awareness events and specific issue conferences on topics such as climate change, transport and national health towards this goal.

Citizen input (including NGOs) represents a constructive and critical voice on delivery and implementation. Local Agenda 21 and the European Sustainable Cities & Towns Campaign serve as examples. The EESC stakeholder forum in May 2007¹³ brought together groups from civil society, to discuss how civil society itself can continue to develop constructive solutions to climate change.

Companies and business leaders are beginning to realise the competitive edge that a sustainable approach to business gives them. The Dow Jones Sustainability Group Index¹⁴ shows that listed companies regularly outperform those not listed. Business leaders are taking new initiatives - the European Corporate Leaders Group and the European Alliance for Corporate Social Responsibility (CSR), are two such initiatives, pioneering new innovative ways to improve the environmental and social performance of business.

5.2. Producing Results

The 2006 SDS brought a new governance structure. In the past year each Member State has appointed a SDS coordinator and the Commission set up a SDS Coordinators group which also works with the European Sustainable Development Network (ESDN).

Eurostat has contributed to monitoring progress on the basis of a comprehensive set of SDIs which are now better aligned with the priorities and objectives of the renewed EU SDS¹⁵ There are regular discussions with Eurostat on indicators.

¹³ http://www.eesc.europa.eu/stakeholders_forum/index_en.asp

¹⁴ Launched in 1999, the Dow Jones Sustainability Index is the first global index tracking the financial performance of the leading sustainability companies worldwide.

¹⁵ A list of the reviewed list of SDIs is presented in an annex to the Commission Staff Working Paper on the SDS.

The EU SDS proposed to institutionalise peer reviews of national strategies in order to better identify and share good practices in a process of mutual learning. The Commission has developed a handbook and has in 2007 co-financed the peer review of the Dutch NSDS. This review constituted a substantial input to the ongoing redesign of the Dutch SDS and had visible political impact. Further reviews are planned for 2008.

The EESC set up a Sustainable Development Observatory (SDO)¹⁶ in September 2006 which prepared an opinion on the Biannual Progress Report of the EU Sustainable Development Strategy, adopted 11 July 2007. The Committee of the Regions has prepared an Opinion on Education Promoting Sustainable Development for adoption autumn 2007.

Member States are updating their national strategies and planning to bring these into line with the EU SDS.

6. CONCLUSION

The European Council conclusions of June 2006 marked the beginning of a new partnership between the EU, Member States, civil society and business aimed at working together towards achieving sustainable development objectives.

This progress report shows that progress on the ground is modest but that policy development at both EU and MS level has progressed significantly in many areas, notably on climate change and clean energy. The priorities set in the June 2006 strategy remain valid. As the many examples contained in this report and the accompanying annex show, continued attention needs to be paid to implementation in all priority areas.

¹⁶ http://www.eesc.europa.eu/sections/sdo/index_en.asp