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Subject : 2009 Review of the EU Sustainable Development Strategy
- Draft Presidency Report

With a view to the meeting of the Friends of the Presidency Group on 26 November, delegations will find attached a revised version of the draft Presidency Report.

2009 Review of the EU Sustainable Development Strategy - Draft Presidency Report -

1. Key Findings

Taking Sustainable Development into the future:

- The SDS constitutes a long-term vision and a policy framework providing guidance for all EU policies and strategies, with a time frame of up to 50 years. By tackling long-term trends it serves as an early warning instrument and policy driver.
- The challenge lies in ensuring that the SDS has a real influence on EU policies, including other cross-cutting EU strategies, in particular the Lisbon Strategy post-2010, to ensure coherence between short and long-term objectives and between different sectors.
- The Commission is encouraged to intensify the ongoing work on complementing GDP to better reflect social and environmental development and to report back in conjunction with the 2011 review of the SDS. The sustainable development indicators should be further developed and applied.
- The Commission is invited in the context of future SDS reviews to more clearly specify priority actions needed, in particular in unsustainable areas, to speed up the implementation of the SDS.
- The governance of the SDS should be reinforced, including by ensuring strengthened horizontal coordination by the General Affairs Council, and by strengthening the SDS Coordinators' Group.
- The four focus areas relating to the EU's long-term goals in some crucial areas suggested by the Commission (shift to a low-carbon and low-input economy; protection of biodiversity, air, water and other natural resources; strengthening the social dimension; and the international responsibility dimension of the SDS) are broadly welcomed.
- Consideration needs to be given to how the EU can flexibly address new challenges in an effective way.

Climate Change and Clean Energy:

- The EU has made considerable concrete efforts to combat climate change and is well on track to meet its Kyoto commitments. Nevertheless, significant further efforts are needed to meet the long-term goals of limiting the temperature increase to 2°C. The EU must therefore continue to take the lead in addressing climate change, both by implementing and strengthening EU internal climate policies, and by calling on other regions and countries to do their part.

Sustainable transport:

- The 2010 White Paper on sustainable transport from the Commission should address unsustainable trends over the coming decades and outline an ambitious future European transport policy covering all aspects of sustainability, including emissions, noise exposure, land occupancy and biodiversity. Actions should particularly focus on improving infrastructure and spatial planning, reducing negative environmental impacts, and developing new technology.

Sustainable consumption and production:

- The Sustainable Consumption and Production and Sustainable Industry Policy Action Plan should be broadened in scope and include more concrete measures in the context of its revision in 2012. The Commission is invited to explore how SCP can be better mainstreamed in the SDS as a horizontal priority.

Conservation and management of resources:

- The EU must give higher priority to tackling current unsustainable trends in the use of natural resources and the loss of biodiversity. Better integration of biodiversity considerations into other policy areas such as climate change is crucial, as well as considering better the value of ecosystem services.

Public health:

- The SDS should continue to address emerging health threats such as lifestyle-related diseases and antibiotic resistance.

Social inclusion, demography and migration:

- Implementation of the social dimension of the SDS should be strengthened in connection with future reviews, e.g. through improving labour market policies, social systems and education systems in Member States.

Global poverty and sustainable development challenges:

- The economic crisis has interrupted some positive trends in the efforts to reduce poverty and hunger worldwide. The EU values the proposal to convene a 2012 High Level Event on sustainable development with special focus on green growth. The Commission is invited to explore how to better integrate the global perspective into all SDS areas within the context of future reviews.

Cross-cutting issues:

- More focus should be given within the SDS to promoting continuous education and training, as well as to increasing investments in research and development.
- The SDS should give more attention to the need to meet the medium-term objective of stabilising the budgetary goals in order to restore the long-term sustainability of public finances.
- The Commission is invited to respond to the call in the SDS to review environmentally harmful and unsustainable subsidies, with a view to gradually eliminating them as a matter of priority.

2. Introduction

Sustainable development is set out in Article 3(3) (TEU) of the new Treaty as the overarching and long-term goal of the EU. The EU Sustainable Development Strategy (SDS) is a framework for a long-term vision in which environmental protection, economic prosperity, social cohesion and global responsibility are mutually supportive. It needs to be addressed at all levels.

According to the SDS, the European Council will, on the basis of a Commission report every second year, review progress and priorities and provide guidelines on policies, strategies and instruments for sustainable development. The 2009 review is taking place in an exceptionally difficult economic situation both for the EU and our partners in the world. The financial and economic crisis affects especially the most disadvantaged and vulnerable groups. Unemployment is increasing, especially among young people. According to the FAO, more than one billion people, the highest figure for the last 40 years, are hungry and malnourished in the world. Measures to tackle the present crisis must be compatible with long-term sustainability goals.

In its biennial Review report in July 2009, the Commission gives an overview of how sustainable development has progressed over the last few years, in particular in policy development at the EU level. The Commission also puts forward recommendations on priorities for the future of the SDS. During the autumn, Eurostat presented its Sustainable Development Indicators Report. Moreover, various organisations have been consulted and some of them have provided opinions on the SDS review, notably the European Economic and Social Committee, European Sustainable Development Network, Spring Alliance and European Environmental Bureau.

This report has been discussed in a Friends of the Presidency group in the Council, focussing on past and present trends and possible future orientation of the SDS. The report reflects a high level of consensus on the 2009 SDS progress review. It is recalled that the European Council will decide when a comprehensive review of the strategy needs to be launched.

3. Taking Sustainable Development into the future

Future orientation of the SDS

The SDS should continue to constitute a long-term vision for EU policies, with a time frame for the next 50 years. It must provide clear and coherent policy guidance to all relevant short and medium-term decision processes and strategies in the EU, in particular the new ten-year Lisbon strategy. It is recalled that the SDS invites the Commission to elaborate a concrete vision of the EU on its way to sustainable development over the next 50 years. Tackling unsustainable trends early can turn them around more efficiently and increase overall benefits and reduce costs. The method of back-casting should increasingly be used.

The global, cross-sectoral and overarching approaches should remain in the forefront in giving the SDS its specific role. Striving for coherence and synergies between economic, social and environmental policies and avoiding trade-offs between long-term and short-term objectives and between sectors contributes to the added value of the SDS. All three dimensions need to be addressed in a balanced and integrated manner, which, due to the current economic crisis and increased unemployment rates, can require increased attention to be paid to the economic and social dimension of the SDS in the coming years.

By assessing long-term trends the SDS and its regular reviews can both provide early warning and highlight success stories for key EU policy-makers, and give the EU and in particular the Commission guidance in its regular planning and policy functions. In doing so, the SDS will be a policy driver and lead to policy actions and real change on the ground.

In order to improve its function as an overarching strategy and framework, the SDS has to provide better guidance to sector-specific strategies such as economic growth and employment, transport and health. In other words, the SDS should better define the policy framework within which other more medium, short-term and specific strategies should deliver. In addition, closer links between the EU SDS and the national SDS would be desirable, to ensure consistency and promote synergy effects. Key stakeholders such as business and NGO communities should become more involved, to broaden ownership and facilitate implementation.

Shifting to an eco-efficient economy will contribute to achieving the key objectives and the overall aim of the SDS. Such a shift represents new business opportunities and will, given adequate framework conditions, boost EU competitiveness and stimulate significant employment growth, and should therefore also be an essential element of a new Lisbon strategy post-2010.

A distinct feature of the SDS is its international and global dimension. The seven priority areas in the SDS can only be addressed effectively in close cooperation with other countries and regions.

Links to post-Lisbon Strategy and other main strategies

The SDS is linked to several cross-cutting strategies at EU level. Proposals have been made to merge the SDS and the Lisbon Strategy in order to rationalise, optimise and synchronise work. A majority of Member States as well as the Commission take the view that the SDS should continue to be a separate strategy, in particular by stressing the value of a long-term, global and cross-sectoral approach which considers all three pillars of sustainable development. The challenge lies in ensuring that the SDS has a real influence on the short and medium-term policies, such as the Lisbon Strategy. In particular, it is crucial to ensure that measures to support the economy and reduce the social impact of the current crisis are compatible with the long-term sustainability goals in the SDS in order to turn the crisis into an opportunity.

In the framework of preparation of the post-Lisbon Strategy, the Commission is therefore encouraged to continue to analyse and propose appropriate measures to enhance the links and synergies between the SDS and the post-Lisbon strategy, as well as other relevant cross-cutting strategies, with a view to strengthening coherence and effectiveness, including on mechanisms and indicators for follow-up, reporting and monitoring.

Monitoring and implementation

Monitoring the implementation of the SDS needs to be strengthened. One key instrument is the Eurostat biennial Sustainable Development Indicators (SDI) Report. In future SDS reviews Eurostat is encouraged to publish its report during the spring and before the Commission review report is presented in order to allow for better-informed conclusions to be drawn. There is also a need to further develop the SDIs, both in terms of quality and comparability, so that they become increasingly relevant for decision-makers. The use of Eurostat symbols could provide a useful tool.

In order to improve implementation, monitoring should also as far as possible be coordinated with the monitoring of national SDS. The Commission's initiative to develop an SD scoreboard, based on the existing set of SDIs, is welcomed. Member States should at an early stage become involved in the work, for example through the SDS Coordinators Group. In addition, the method of OMC could be used to facilitate exchange of best practices or innovative approaches in Member States.

GDP is a major indicator for macro-economic activity, but it does not give a full picture of environmental sustainability and well-being. During the autumn of 2009, a number of major initiatives have been taken, such as the Commission Communication "GDP and beyond" and the so-called Stiglitz report ("The Measurement of Economic Performance and Social Progress"). Another example is the ongoing study on The Economics of Ecosystems and Biodiversity (TEEB), led by the economist Pavan Sukhdev. The general message from all of these initiatives is that society does not correctly value natural and human resources and that more comprehensive indicators are necessary which better take into account social and environmental aspects. The Commission is encouraged to intensify work in this area and report back in connection with the next SDS review.

SDS governance

There is scope to improve the governance of the SDS in the future. For instance, the biennial reviews of the SDS could become more focused on those trends that are unsustainable and where the European Council can deliver guidelines for actions. The Commission is invited to give particular attention to these trends in future progress reports and to clearly set out actions to be implemented with the highest priority. The Commission is also invited to fully integrate the targets of sustainable development in its 5-year work programmes, as well as in future EU budgetary proposals, and to reflect how this has been done in the framework of upcoming progress reviews.

Impact assessments, which have been used and developed by the Commission for several years, have proven to be a valuable tool for sustainable development, and should continue to be applied to all major strategic policy initiatives and legislation. In addition, Member States should consider strengthening the use of balanced impact assessments in policy-making at national level.

The European Parliament, the Economic and Social Committee and the Committee of the Regions are encouraged to actively contribute to future progress reviews in order to ensure that the EU SDS receives the broadest possible political support and attention. The General Affairs Council should continue to ensure horizontal coordination of the SDS. The existing SDS Coordinators Group should be strengthened by giving it a clearer mandate and by more regular meetings. Its main task should be to monitor the follow-up of the SDS, but the group could also share experiences and best practices and facilitate greater coherence between the EU SDS and national SDSs. Moreover, existing networks such as the European Sustainable Development Network (ESDN) and the European Environment and Sustainable Development Advisory Councils (EEAC) should be given a stronger role in creating ownership and stimulate debate at EU level, also by involving representatives from relevant stakeholders.

4. Progress on the EU SDS

4.1 Climate Change and Clean Energy

Combating climate change is a major challenge for humanity. It is a cornerstone in the SDS and an issue of the highest political importance. It is a good example of an issue which has been permeated by SD and long-term considerations. The EU will need to maintain its leading role in the global efforts to mitigate climate change and limit the increase of global warming to a maximum of 2°C.

The EU is well on track to meet its Kyoto target. In 2008 the EU adopted the climate and energy package, which made into law the objectives, targets and instruments for putting the EU's ambitious energy and climate policies into effect. The EU has unilaterally committed itself to a 20 % reduction of greenhouse gasses by 2020, compared to 1990. Some major challenges remain however. The EU is far from the target of achieving a 20 % share of renewables in 2020. Emissions from the energy and transport sector continue to increase. Efforts to reach the agreed indicative target to improve energy efficiency by 20 % by 2020 need to be stepped up.

Globally, greenhouse gas emissions have increased significantly, and are expected to be 60 % higher in 2020 compared to 1990 without effective policy measures. In order to limit global warming to 2°C global emissions must be reduced by at least 50 % by 2050, which implies that developed countries as a group have to reduce their greenhouse gas emissions by 80-95 % by 2050 compared to the 1990 levels.

Also, climate financing is central to combating climate change, and a significant increase in additional public and financial flows is needed in order to assist developing countries in implementing mitigation and adaptation efforts.

The EU plays a leading role in the international climate negotiations and it should continue to do so. In preparation for the Copenhagen Conference the EU has successively developed its positions on a range of issues, inter alia on emission reductions, financing, adaptation and technology transfer.

Climate change has to be at the top of the world's agenda for many years. New aspects such as land use change and incentives for reduced deforestation and soil protection, energy security, food and water security, interactions with health and biodiversity, as well as impacts of population movements, are new challenges for the future.

4.2 Sustainable transport

Greenhouse gas emissions and energy consumption in the transport area continue to rise in an unsustainable way. While signs of decoupling transport volumes from economic growth are visible in passenger transport, freight transport has grown faster than GDP. Noise and air pollution caused by transport have severe health impacts across the EU. Transport infrastructure also has an impact on landscapes and on biodiversity.

European transport policy over the next ten years must be founded upon considerations also for the following decades. The key focus of European transport policy should be on establishing an effective infrastructure, reducing negative environmental impacts of transport, on spatial planning and exploiting technological potential. The Commission is invited, in the next White Paper in 2010, to address the challenges facing transport over the coming decades and propose an ambitious, comprehensive and sustainable European transport policy that makes a considerable contribution to meeting sustainability targets. *(Comment: to be revised in the light of Transport Council conclusions on "A sustainable future for transport" to be prepared for TTE 17-18 December).*

Transport has impacts on the objectives of several of the other key challenges in the SDS, in particular climate change and clean energy, management of natural resources and public health. It is necessary to further advance actions to ensure that the "polluter pays" principle is applied by internalising external costs in all modes of transport and to encourage modal shift to more environmentally friendly modes of transport. In developing EU transport policy, it is essential to take account of all aspects of sustainability such as emissions, noise exposure, land occupancy and loss of biodiversity. Technological innovation, e.g. information and communication technologies, in this domain is crucial and measures driving technological leadership will benefit the European economy. Transport capacity needs to be used more efficiently across different transport modes. Further development and use of intelligent transport systems will improve transport and at the same time reduce the impacts on climate and environment. Promoting behavioural change will also form an important part of the European transport strategy.

4.3 Sustainable consumption and production (SCP)

Some progress has been achieved in terms of decoupling environmental degradation and the use of natural resources from economic growth. Progress has also been made concerning production patterns, but some consumption patterns, mainly regarding energy consumption, show clear unfavourable developments. There also seems to be considerable potential to reduce the use of natural resources and raw materials in production in a cost-effective way.

SCP contains several instruments that contribute to the objective of sustainable development in the other key areas, such as climate change and clean energy, energy efficiency, efficient use of natural resources and handling of chemicals and waste. It comprises social impacts and is a global issue. Education for sustainable development, awareness raising and economic incentives are some of the main tools to promote sustainable lifestyles. Other preconditions for sustainable consumption are housing and planning and efficient infrastructure.

In connection with the next comprehensive revision of the SDS the Commission is invited to consider if SCP should be dealt with as a horizontal priority issue, mainstreaming SCP into the different key challenges of the strategy.

The SCP and Sustainable Industrial Policy Action Plan from 2008 should be effectively implemented and developed further over the next few years to be made broader in scope and more ambitious with more focus on concrete measures. For example, consideration should be given to the extension of the scope of the Eco-Design Directive to non-energy-related products, and of environmental labelling tools to cover more products and criteria, when the Action Plan is reviewed in 2012.

Energy efficiency should be one of the focus areas when considering ways to promote SCP, as it is among the most cost-effective ways to mitigate climate change, enhance security of energy supply and promote more sustainable economic growth.

Green public procurement (GPP) is one of the most effective tools to create demand and facilitate the development of markets for green products, services and technologies. Member States should, in line with the indicative 50 % target to be reached by 2010, welcome the existing criteria developed for ten common product and service groups and work jointly with the Commission to further develop criteria for green products and services. The integration of social and environmental criteria should be strengthened.

Work with corporate social responsibility should be stimulated and global environmental and ethical standards for auditing and labelling developed (e.g. ISO and GRI).

The Commission has been invited to present an integrated strategy for the promotion of eco-innovation, including an action plan, as soon as possible in 2010. Eco-innovation as well as social innovation should also be further promoted and integrated in the forthcoming European Innovation Plan. The use of mandatory labels, certified labels, benchmarks and voluntary agreements with industry should be promoted. Development and use of information and communication technology in support of eco-efficient technologies and services should be promoted in EU's future ICT and media policy following the 2010 strategy.

SCP is an area where a more integrated approach between the SDS and the Lisbon Strategy would be beneficial for better reconciling short- and long-term perspectives and achieving a more coherent approach.

4.4 Conservation and management of resources

This is one area where there are clearly unsustainable trends. There have been positive developments in the areas such as water and air although further efforts are required. There is a growing demand for natural resources which by far exceeds the carrying capacity of the Earth. This is a challenge which must be addressed with urgency. Biodiversity is in decline globally and in the EU not least because of the related deterioration of ecosystems, and the targets of 2010 will not be met. The loss of nature's capital, and of the capacity of ecosystems to deliver vital services and buffer climate change, will have severe economic and human consequences. Eurostat states that, although in the EU resource productivity has increased, domestic material consumption itself showed an unfavourable trend, as did electricity consumption in households and the motorisation rate. The way ecosystems are affected by land use causes increases in greenhouse gas emissions. At the same time the ecosystem should be treated in a way that at a higher rate than today facilitates adaptation to climate change. Finally, a particularly alarming tendency is the drastic decline of many fish stocks, which needs to be addressed as a matter of urgency in the context of the Common Fisheries Policy.

During the first half of 2010, the EU will establish a vision and targets beyond 2010 for the conservation and sustainable use of biodiversity within the EU. The 10th Conference of the Parties to the Convention on Biological Diversity in October 2010 will address a long-term global vision for biodiversity, and the Environment Council will in December 2009 establish key strategic principles for the EU in this process. In order to appropriately link sustainable use of natural resources and biodiversity conservation to other themes of the SDS, it is necessary to highlight the intrinsic value of ecosystem services and integrate it into relevant sectoral policies. Waste prevention, reuse and recycling are important tools to achieve greater resource efficiency.

By better integrating ecosystem services into the economic systems, the value of natural capital as a foundation of economies and well-being can be fully recognised. The ongoing study of The Economics of Ecosystems and Biodiversity promises to be instrumental in this endeavour.

In a forthcoming SDS review natural resources should be a major theme. The challenge for Europe as well as for the whole world is to develop models that can combine increased well-being with sustainable use of natural resources. In order to attract political interest, there is an urgent need to pursue work on decoupling, indicators, reference values of sustainable use and initiatives for remedial actions. The level of Europe's use of natural resources will have to diminish.

4.5 Public health

The overall development of health is mixed. Progress is shown regarding Europeans' years of healthy life and falling death rates due to chronic diseases. However, there is still more exposure to air pollution, mainly to ozone and particulate matter, and more production of toxic chemicals. Recently published data on noise show that the majority of the EU's urban population is exposed to harmful noise levels.

Focus should be given to the challenges in the EU Health Strategy which offers an overall approach to achieving progress and sustainability in the EU. It is important to further strengthen health care systems in the EU due to population ageing and to act rapidly and in a coherent way to the health threats such as pandemics, major physical and biological incidents and bioterrorism. There is also a need to closely follow the rapid development of new technologies that has resulted in a major evolution of health care systems. Further improvements should be considered in the field of food and feed safety, evaluating the long-term effects on human life and health as well as animal health and welfare. In this regard, action should be taken in consideration of the precautionary principle. Lifestyle and diet-related diseases like obesity also require further consideration, as does the issue of growing resistance to antibiotics.

It is vital to ensure that by 2020 chemicals, including pesticides, are produced and used in a way that will minimise adverse effects on the environment and human health. The Reach reform is a milestone in that direction and needs to be complemented with further consideration of undesired combination effects of chemicals. Environmental pollutants such as endocrine disruptors and dioxins persist and accumulate over time. Development of new technologies, e.g. nanotechnologies, should also be followed closely in order to avoid their potential negative effects on human health and the environment.

As regards pandemics, special focus should be given to improving protection against health threats by developing capacity to respond to them in a rapid, coherent and coordinated manner, both in the EU and globally.

Environmental health research and preventive measures such as awareness-raising should be integrated into the strategy.

4.6 Social inclusion, demography and migration

The numbers of jobless households and long-term unemployment have been reduced, but the number of working poor and the overall risk of poverty have not changed. The EU's workforce will begin to decline in 2013 and will decrease by approximately 30 million by 2050. The potentially negative effects on the EU's labour markets could be addressed by promoting higher labour force participation through active labour market policies in combination with active social security policies. An effective migration policy can also be supportive in this respect. Gender equality issues should be better taken into account.

The economic crisis has exacerbated inequalities and risks. With current and expected job losses throughout the EU, unemployment is clearly one of the biggest concerns. The hardest hit are young people, low-skilled workers and those who have been unemployed for a long time. But it also renders the situation of migrants wishing to integrate into a new society even more difficult. A balanced approach to combining flexibility and security together with comprehensive active inclusion strategies is not only crucial to support all those affected by the crisis, including the most vulnerable, but also to limit losses in human capital and to preserve future growth potential.

The social dimension should be better highlighted in future reviews of the SDS, while ensuring synergies with the post-Lisbon and other cross-cutting strategies. To achieve overall social progress the existing poverty threats have to be tackled. It is important to coordinate policies through policy exchange and mutual learning. A tool to support the fight against poverty and social exclusion is the Open Method of Coordination for sharing information and good practice between Member States. Demographic change has to be faced, and efforts should be made to promote inclusion of those who are furthest away from the labour market.

It is vital to carry on improving the labour market policies, to review social systems and further develop the education systems to meet the challenges in those areas. Active and successful integration of migrants also requires specific support, especially in the field of education and the labour market. Job creation efforts should strengthen the ability of workers to adapt to changing market conditions and prepare workers to benefit from new investments in the areas of green technology and green jobs. The social security systems need to be further modernised to become more active and flexible in order to tackle structural challenges.

4.7 Global poverty and sustainable development challenges

The EU commitment to achieve the ODA target of 2015 is not on track, neither will the intermediate goal of 0.56 per cent of BNI by 2010 be reached. Most of the Millennium Development Goals will not be met. Some positive long-term development trends can be seen when it comes to increased trade with developing countries and in particular from least-developed countries. Another positive long-term trend is that overall financial flows to developing countries have been increasing. However, during the last year's financial crisis most financial flows, including remittances, foreign direct investments, export revenues, have been interrupted. There is also a need to know better how these trade and financial flows contribute to sustainable development in the respective countries.

Sustainable development should be seen in a global context. Many, if not most, of the challenges can only be solved in international cooperation. The people of the developing world are hardest hit by the effects of climate change and land degradation. The loss of biodiversity will affect both the developing and developed world, the poorest being the most severely affected. Sustainably managing ecosystems and strengthening biodiversity policies is a basis for food security and an integral part of the fight against poverty and hunger. The global demand for natural resources is increasing, and this affects the developing countries even more than the developed world. The number of starving and malnourished persons in the world is the highest for forty years.

There is a need to better integrate the global dimension in the other six priority areas in the coming reviews of the present and in a future revised SDS. There is also a need to develop new indicators in order to better reflect the increased and diversified relations the EU has with the outside world.

The EU values the proposal to hold a United Nations high-level Event on sustainable development in Rio de Janeiro in 2012 and values it as an opportunity to make further international progress on policies that foster sustainable development and eradicate poverty. It should contribute to and complement already ongoing processes in the field of sustainable development, including a post-2015 agenda on the MDGs. Green Economy should be the main theme of such an event. The EU, as the world's largest trading partner, the biggest donor of development assistance and the leader in the efforts on climate change is particularly called upon to show leadership also in areas such as food and water security, health and education.

4.8 Cross-cutting issues

Education and training. A scrutiny of education gives a mixed verdict. On the one hand the prevalence of low levels of education has diminished in all age groups. More people are involved in life-long learning activities and fewer leave school earlier than predicted, but improvements are slow.

The recently adopted strategic framework for European cooperation in education and training will offer guidance up to 2020. The lifelong learning programme is a prime tool for developing the role of education and training systems. It promotes access to education and helps to improve quality and share best practice.

One major challenge is to improve the education system. The education and training system should be open and be of a high quality. Special efforts have to be made to reduce the number of early school leavers and to stimulate young people's interest in future challenges which should increase their employability. Education and training are also powerful tools for the integration of migrants. The perspective should be life-long learning, not least to meet the demographic changes. Continuous education and training are essential in providing the labour market with the necessary skills and competences.

Education is a means to strengthen the ability to adapt to a changing world. Challenges to sustainable development should be included in all areas of education. A well-educated and flexible workforce is a precondition for transition of production, transport and energy into a more sustainable future.

Research and development. Investment in R&D stagnated between 2000 and 2007 and is far from the EU target of 3 % of GDP by 2010. Even though government and businesses seem to be maintaining their R&D expenditure in the current economic crisis, the target cannot be achieved.

It is of vital importance to invest in research that supports both short-term decision-making and long-term visions to meet sustainable development objectives, at regional, national and global level. A key objective of the Seventh Framework Programme for Research and Technological Development (FP7) (2007-2013) is to mobilise European research for sustainable development. The sustainable development-related projects should be further prioritised within the FP7 and in the future joint programming activities.

Investment in R&D should be strengthened. International cooperation should be promoted, including a stronger transatlantic dialogue. Partnerships between the public and private sector, promoting for example energy efficiency and the use of alternative sources of energy, should be encouraged.

Financing and Economic Instruments. The EU and the Member States have taken measures to reform the financial system. The SDS must be supported by sound public finances based on a credible consolidation strategy. It is essential to meet the medium-term budgetary goals in order to restore the long-term sustainability of public finances. Necessary responses to the current economic crisis should at the same time take account of the development of green industries and services, eco-innovation and eco-design and other structural changes.

Some progress has been made to progressively phase out environmentally harmful subsidies in some sectors, e.g. through the reform of the fisheries policy and as part of the CAP health check. The Commission has been invited, as a matter of urgency, to review sector by sector subsidies that have considerable negative effects on the environment and are incompatible with SD with a view to gradually eliminating them, in line with the SDS and the recent G 20 call in that regard.

Transparent and non-discriminatory market-based instruments are a promising way forward. In the area of state aid, more favourable provisions have been introduced with regard to the financing of environmental projects. Further progress in those areas is necessary.

4.9 New challenges and future focus areas of the EU SDS

In a rapidly changing world new challenges to SD are emerging, which are currently not included or covered only marginally in the EU SDS. They include energy security, adaptation to climate change, food security, and land use. Consideration should be given to how to deal with new challenges and to whether the present seven key challenges of the strategy are still the appropriate ones or if there should be a reorientation. In particular, the SDS has to be made more responsive to the complexity and high dynamics of policy-making processes and new challenges from global changes. In both the development of a revised EU SDS and its implementation, mobilising citizen involvement will be crucial.

The strategy could focus on the EU's long-term goals in the following crucial areas in coordination with other cross-cutting strategies:

- contributing to a rapid shift to a safe and sustainable low-carbon and low-input economy, based on energy and resource-efficient technologies and shifts towards sustainable consumption behaviour, including sustainable food patterns, and fostering energy security and adaptation to climate change;
- intensifying efforts for the protection of biodiversity, air, water and other natural resources and food security, and more focus on integration of biodiversity concerns into policy areas with negative impacts on biodiversity such as the common agricultural policy, the common fisheries policy and transport policy;

- promoting social inclusion, including demographic and migration aspects, and improving protection against health threats;
- strengthening the international dimension and intensifying efforts to combat global poverty, including through fair and green growth, and addressing population growth and its impact in terms of increased pressure on natural resources and strengthening sustainable communities.

Annex: List of background documents and contributions from stakeholders

(to be added)
