

Pedro Courela<sup>1</sup>

# The Lisbon Strategy and Foreign Policy: The Missing Link

## Introduction

The Lisbon Strategy for Growth and Jobs was launched in 2000 with the ambitious goal of defining how Europe would operate in the emerging global economy. At the time, there was a clear recognition that European countries were faced with a crucial choice: either to protect a socio-economic model that was no longer able to promote solid economic growth and long-term welfare; or to accept a structural reform programme based on a number of principles – knowledge and innovation, social cohesion, competitiveness, sustainable development – which, properly implemented, could make Europe “the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment”.

Assessments of the practical results of the Lisbon Strategy have been undertaken in various academic and political reports and are well documented elsewhere. The purpose of this paper is to examine three main issues. First, it looks at the issue of coherence. The Lisbon Strategy was conceived as an integrated, transversal endeavour, requiring a mutually reinforcing effect between various policy areas, as well as coordinated effort by a va-

---

<sup>1</sup> IEEI, Lisbon

riety of actors: European institutions, Member States' governments, business and academia. Thus, the success of the project depends on its coherence. Discussions of 'coherence' and 'coordination' are a common feature in studies of the EU. They are relevant also within Member States, but because of its mixed inter-governmental and supranational practices, the EU is particularly susceptible to friction between policies and levels of governance. Thus, the Lisbon Strategy and what is generally called the "external action" of the EU are interesting case studies in which success or failure depend to a large extent on the coordination and mutually reinforcing effect of a number of policies, at the level of Union institutions and Member States.

Second, the paper examines the "international dimension" of the Lisbon Strategy. The international dimension cannot be avoided when discussing the future of European societies and economies in a globalised world. Europe operates along with other players (individual countries or economic blocks) that are also adapting and devising their own strategies to deal with globalisation and its effects. Third, the paper examines an issue that has been largely ignored: how the Lisbon Strategy affects Europe's relations with other major actors, or how that strategy can be integrated into what is usually called the European Union's 'external action'. In fact, as will be shown below, the implementation of the various targets of the Lisbon Strategy has been an essentially "domestic" affair. Specific areas of the Strategy involve relations with third parties, but efforts have not really extended outward as yet. In other words, the implicit international dimension of the Lisbon Strategy has not been made explicit, or translated into practical action. On the contrary, the priority given by the EU to the Lisbon goals was seen by many to provide evidence of an 'inward looking' tendency detrimental for EU relations with the rest of the world.

In short, this paper discusses the "missing link" between the Lisbon Strategy and EU external action, by addressing two sets of questions. The first set touches on the implementation of the Lisbon Strategy: since it was launched in 2000 has there been a change of paradigm in terms of implementation, and if so, in which policy areas has this occurred? The second set of questions focuses on the role of the EU in world affairs: to what extent have the priorities of the Lisbon Strategy become part of EU external

action, and what does this say about the Union's capacity to promote a regulating agenda for the international system? It should be noted that this paper does not focus on the tension between the EU and Member State level of governance. Clearly, Member States play an important role, which often contradicts what is collectively determined. This applies both to the Lisbon Strategy areas (the majority of them of shared EU and Member State competence) and foreign policy. But the focus here is on how policy is formulated at the EU level and how it is portrayed in the official discourse of European institutions.

The paper is divided into three sections. The first assesses the inception and development of the Lisbon Strategy as an intra-EU process. It looks at the main policy areas that comprise the Strategy. The aim is not so much to analyse policy content but rather to focus on the areas with a clearly international dimension. The second section focuses on EU external action and the attempts made to integrate the objectives of the Lisbon Strategy into foreign policy. The overall EU strategy towards key international players is also considered here, so as to understand whether a dialogue on (at least some) aspects of the Lisbon Strategy has been attempted. The third and final section attempts to bring together the two above, pointing out concrete aspects that could reconcile the goals of the Lisbon Strategy with EU global ambitions.

## The Lisbon Strategy as an Internal Process

In March 2000, EU Member States set themselves an ambitious new 'strategic goal:' to "strengthen employment, economic reform and social cohesion as part of a knowledge-based economy". This agenda became known as the 'Lisbon Strategy'. By approving this programme of action, heads of government were not announcing a new policy, but rather calling for a coordinated revision of existing policies.

In terms of governance, the launching of the Lisbon Strategy also represented a challenge to the traditional divide between the 'community' and 'intergovernmental' arenas, as its implementation was to be based on an 'open method of coordination'. This means that a number of objectives are agreed at the EU level, and Member States must undertake their own measures to achieve

the commonly set goals within a fixed timetable. Achievements are then reviewed on a yearly basis, but the basic idea (which, in European integration is not a new one) is that Member States acting in concert can achieve results better and quicker than when acting without coordination.

The Lisbon Strategy was also significant in that it reflected a certain understanding of the international context. The Council Conclusions, as well as most related documents produced thereafter referred to the dilemma facing Europe as a result of emergent globalisation: the EU could either adopt protectionist measures and try to protect a non-sustainable social model, or it could

---

*The Lisbon Strategy reflected a certain understanding of the international context.*

---

implement a structural economic reform programme that associated competitiveness and social welfare, and allowed for a gradual transition to a knowledge-based economy and society. The goal

was to become “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” within a decade. This begs the question of how Europe sees itself within a global context. When the policy was first announced, EU leaders were primarily thinking about the US economy, which was much more dynamic than Europe’s and increasingly based on knowledge and innovation gains, sustained by the rapid spread

---

*Could Europe’s specific socio-economic model (or a combination of different, yet compatible models) be maintained, or was the adoption of a ‘US model’ inevitable?*

---

of information and communication technologies. Simply put, the question was how Europe could compete economically with the US while maintaining the quality of life European citizens had become accustomed to. Could Europe’s specific socio-economic model (or a combination of dif-

ferent, yet compatible models) be maintained, or was the adoption of a ‘US model’ inevitable? Despite this obvious international dimension, the Lisbon conclusions focused primarily on internal policies, namely a strong emphasis on information technologies, new programmes to foster R&D activities, various new measures to facilitate and attract investment, and the completion of the in-

ternal market. The ‘international dimension’ was not actually addressed and there was no explicit mention of how the fulfilment of the Lisbon Strategy affected Union relations with the outside world.

In 2005, when the EU produced a mid-term review of the Lisbon Strategy, international issues that had been relatively muted five years earlier were now too obvious to be ignored. Economic growth levels in Europe remained modest (and still lagged behind those of the US); the issue of the role of knowledge in competitiveness and the reform of social welfare standards had become a truly global one, transcending transatlantic relations. Emergent economies, such as India, China or Brazil were embarking on a revision of their economic models along lines not much different from those adopted by the EU in 2000. In particular the rise in the share of the world economy taken up by India and China posed a challenge to Europe as their competitive advantage was no longer confined to low value-added goods and was gaining ground in sectors identified in 2000 as fundamental for the long-term success of Europe’s economies. Despite all this, the mid-term review did not suggest any real changes of approach. The Council conclusions stressed the validity of the Lisbon goals, clarified the strategic objectives (a stronger focus on growth and jobs, coupled with a recognition of knowledge and innovation as the engines of sustainable growth), and proposed tighter coordination between Member States. But again there was no serious reflection on how the fulfilment of the ‘new’ Lisbon objectives might require a shift in the Union’s approach to major international actors.

To summarise, despite its cross-cutting nature, and although there is a clear link between the Lisbon goals and the international repercussions of that process (i.e. the reinforcement of Europe’s economy vis-à-vis its international competitors), the Lisbon Strategy was framed officially as an ‘intra-EU paradigm’. However, while the “internal” dimension is dominant when one looks at the Lisbon Strategy as an aggregate ‘package’ (an overarching agenda for economic and social reform), if one examines some individual policy arenas that contribute to the aggregate whole, it is possible to identify an international dimension that is absent from the Lisbon Strategy as a whole. This paper focuses on four policy areas making up the Lisbon Strategy, which cor-

respond to its four main pillars (employment and social affairs, research, sustainable development and energy), to shed light on whether there is a new emerging discourse linking the domestic and foreign arenas.

## *Employment and Social Affairs*

The external dimension of EU employment and social affairs policy is very much focused on standard setting (i.e., core labour standards and fundamental social rights), and on technical assistance to implement the relevant international agreements. This is particularly true for EU relations with neighbouring countries, governed by the Stabilisation Process for the Western Balkans and the European Neighbourhood Policy (ENP). Both cover social issues among a broad range of topics as part of the chapter on economic modernisation. The vast majority of neighbouring countries face serious social challenges so the focus in ENP Action Plans is convergence with the *acquis communautaire* and a concomitant dialogue on relevant social issues. At the international level, the European Commission has observer status in the main forums dealing with labour and social standards (the Organisation for Economic Cooperation and Development (OECD),

---

*The international dimension of employment and social affairs is still very much based on technical assistance and regulatory activities, although in recent years (especially since the launching of the Lisbon Strategy), one can identify a tendency to establish dialogue mechanisms with key partners.*

---

the United Nations (UN), and the International Labour Organisation (ILO)), coordinates the positions of EU Member States, and guarantees that international standards and EU legislation are consistent with one another. The Commission also engages in bilateral dialogue with selected third parties, including the United States and China, the goal of which is to exchange experiences and best social and employment

practices with an emphasis on fostering competitiveness and maintaining high social and labour standards. With China, dialogue is based on a Memorandum of Understanding between the European Commission and the Chinese Ministry of Labour and

Social Security that was signed in 2005 and has permitted discussion of issues such as professional training and worker mobility. Thus, the international dimension of employment and social affairs is still very much based on technical assistance and regulatory activities, although in recent years (especially since the launching of the Lisbon Strategy), one can identify a tendency to establish dialogue mechanisms with key partners. The challenges of the Lisbon Strategy are at the centre of discussions, although Europeans also understand that the stronger role played by countries such as China in international affairs calls for Europe to make a greater effort to understand the various dimensions of their economic transformation and, concomitantly, of social and labour issues that are essential elements of long-term economic growth.

## *Research Policy*

Research activities are primarily the responsibility of Member States so that research policies vary across Europe, while the role of the EU is essentially to establish a framework encouraging more public and private investment in research activities, and direct Framework Programme funding of research activities (by individual states or, preferably, of a trans-European nature). The EU has also developed international cooperation policy in research, which includes the fostering of 'strategic partnerships' with non-EU countries in selected scientific areas and promoting exchange programmes for non-European researchers. The EU has signed 15 science and technology cooperation agreements, including with Brazil, China, India and the United States. There are similar agreements in force with most associate countries and some ENP countries. Science and Technology (S&T) cooperation agreements cover a vast array of areas, from water management to nuclear safety. The China-EU Science and Technology Year initiative, for instance, which was launched in late 2006, aims to give visibility to this dimension of bilateral relations, which the EU sees as a key aspect of the partnership, a result of convergent views on the importance of knowledge as a driver of economic sustainability. In relations with India, scientific relations have also

gained a higher profile, as demonstrated by the first EU-India science ministers meeting in February 2007. The focus is now much more clearly focused on the establishment of partnerships and exchange programmes with research institutions.

The recently launched 7th Framework Programme reinforces international cooperation in S&T, by allocating more funds to this area and more clearly recognising that intensified economic globalisation and the emergence of new global players requires strong international partnerships and an effort from the part of European research institutes to learn best practices of institutions in other parts of the world. S&T is also seen as a factor contributing to European international EU sustainable development commitments (global climate change and the Millennium Development Goals, for instance). The broadening geographic and thematic scope of international cooperation and the intention to focus on areas in which partners have a strong expertise also demonstrates that there is a shift from an assistance-oriented approach to a more collaborative/cooperative one, which takes advantage of growing EU industry investment in partner countries. Put differently, the EU has shifted towards a more 'egoistic' stance in international research cooperation, which goes hand in hand with the realisation that the fulfilment of the Lisbon Strategy research goals cannot be achieved by European efforts alone.

## *Sustainable Development*

The June 2006 European Council approved a renewed EU Sustainable Development Strategy (SDS), updating the 2001 strategy. The main goal was to outline the key components of the broad concept of 'sustainable development' and to call for "an integrated approach to policy-making". Already in 2001, the SDS was described as complementing the Lisbon Strategy, adding an 'environmental dimension' to the political Lisbon goals and recognising that "economic growth, social cohesion and environmental protection must go hand in hand". The 'external dimension' of sustainable development was added to the Strategy in 2002, prior to the World Summit on Sustainable Development. The 2006 SDS underlined sustainable development as the basic framework within which to implement the Lisbon Strategy and recognised the need



to combine EU and non-EU partner countries' efforts, including developing countries the socio-economic strategies of which will continue to have a significant impact on global sustainable development.

The two strategies are presented as complementary responses to the challenges of globalisation: sustainable development is particularly concerned with quality of life, and the Lisbon Strategy with competitiveness, economic growth and job creation. The document lists targets and actions the EU and its Member States should undertake in a vast number of fields, including the environment, natural resources, health, social inclusion and immigration, largely in accordance with the method proposed by the Lisbon Strategy. There is also a separate section on global poverty and sustainable development challenges. Its focus is on ensuring coherence between EU SDS goals and policies towards third parties. Apart from increasing Member State contributions to poverty relief there is the commitment to improving international environmental governance, promoting sustainable development in WTO negotiations, and including sustainable development in all EU external policies, including the Common Foreign and Security Policy (CFSP). Thus, the SDS demonstrates concern with coherence and complementarity between internal and external policies, and an understanding of the EU as a 'regulator' of the international system, in this instance of sustainable development standards. Thus, when looking at the Lisbon Strategy and sustainable development, it is clear that there is an implicit recognition that the pursuit of the Lisbon goals has a clear international dimension.

## *Energy Policy*

Energy became a Lisbon Strategy priority at the 2006 Spring European Council, and it is dealt with in three ways: first, as part of the EU effort to implement the SDS; second, as a means to boost EU competitiveness by promoting energy efficiency and renewable energy; and third, as a means to make Europe a "low carbon knowledge-based energy economy" through investment in research and development. Energy is thus a crucial element for long-term growth and jobs, the two tenets of the Lisbon Strategy.

The Energy Action Plan, as presented in the Commission communication *An Energy Policy for Europe* and endorsed by the European Council in March 2007, underlines the external aspects of the Union approach. All Member States rely greatly on energy imports, and some have only one gas supplier, which creates a growing vulnerability. Thus EU efforts should focus on reducing dependency by enhancing energy efficiency and increasing the use of renewable energy. It is clearly recognised that achieving these goals depends largely on a coherent dialogue with international partners to establish a global energy goals consensus. There is a dialogue of this kind with Russia but it has not produced great results because of the recent supply crisis. Overall, the intention of the EU is to develop an “international energy policy” that allows Europe to defend its interests and establishes a dialogue with external suppliers and major consumers, especially developing countries. Thus, energy policy is based on internal reforms to enhancing efficient use and boost renewable energies, and on an external policy to ensure that other major international players back the Union’s approach and that suppliers adopt a ‘responsible attitude’.

## Summary Overview

This (brief) assessment of the four policy areas allows one to identify various trends. EU international action has an important ‘standard-setting’ component, especially in relations with immediate

---

*The intention of the EU is to develop an “international energy policy” that allows Europe to defend its interests and establishes a dialogue with external suppliers and major consumers, especially developing countries.*

---

neighbours and in the framework of international organisations, and this is particularly notable in the fields of sustainable development, energy and social affairs. At the same time there is in all four areas evince a consistent effort to establish a dialogue with key players as part of a broader effort to implement economic and

social reform. Finally, cooperation initiatives are becoming more “European” especially in the field of science and technology, directed not just at ‘traditional partners’ (namely the United States)

but also at emerging powers such as India and China. These trends show that there is a growing realisation that the attainment of political objectives requires an international policy. However, this realisation is not visible in the Lisbon Strategy at the macro-level. Consequently, there is no systematic attempt to coordinate the efforts undertaken in each policy and to take advantage of the combined effect that these might have. In essence, there is still no global Lisbon Strategy international dimension.

In the second section of this paper, the focus is on EU external relations and understanding the extent the goals of the Lisbon Strategy can be found in the Union's foreign policy.

## Foreign Policy and the Lisbon Objectives

European integration studies have focused extensively on the EU as a foreign policy actor. Such studies have asked whether a political entity such as the EU can exert the same kind of influence on the international sphere as a

sovereign state; they have concentrated on the balance between 'hard' and 'soft' power in foreign policy; or on the fact that

---

*There is still no global Lisbon Strategy international dimension.*

---

the recent development of military capabilities by the Union means that it is no longer the archetype of the 'civilian power' that uses exclusively civilian means to persuade (rather than coerce) third parties. This paper does not address these broad issues but rather concentrates on whether the Lisbon Strategy objectives integrate the EU view on how the international system should be organised, and whether EU foreign policy tools are used to pursue this agenda.

The EU has a certain security culture based on specific values or on a set of principles that have crystallised as the integration process has evolved and which help to define the specificity of the EU stance in international affairs. The main characteristics of EU security are: the rejection of nationalism as a legitimate basis for security; differences between Member States must be resolved according to jointly developed norms; peace is guaranteed by the democratic nature of Member States; enlargement is an extension of the stability enjoyed by Member States; economic inte-

gration, political convergence and security cooperation are all part of an integrated approach to policy-making. Analysts and observers alike often point out that promoting these features of its security culture is the Union's greatest asset in external relations. Therefore, the projection of the EU internal policies "outward" is a crucial element defining its ambition as an external actor. The goals of the Union, however, are not always unequivocal: is the European integration process mainly about the completion of the Internal Market and making sure that instability in neighbouring regions is not 'imported'? Or does the Union wish to play an important part in shaping the international system as a whole?

The Lisbon Strategy expresses this ambiguity: on the one hand, it highlights the macro-region (Europe) as the appropriate level of governance to devise broad policies of social and economic development; and on the other hand, it implicitly mirrors the dilemma of the Union's foreign policy (is it mostly about preserving the prosperity of European societies, protecting them from the negative impact of globalisation or does it aim to be part of the Union's contribution to the rules of global governance?). We have already seen that this latter concern was not explicitly spelled out when the Lisbon Strategy was first conceived, and its presence in sectoral policies is scattered and uncoordinated. Does the story look different when one looks through the prism of external relations?

Three recent strategy papers prepared by the European Commission provide some insight into the interplay between internal and external challenges, especially in the implementation of the Lisbon Strategy. The contribution of the Commission to the October 2005 European Summit, *European Values in the Globalised World*, places the need for reform of internal policies against the backdrop of the international challenges arising from globalisation and the emergence of new regional players. The document concluded that European leaders have identified the challenges but have failed thus far to respond consistently. The Commission makes various proposals – most of which restate the guidelines of the mid-term review of the Lisbon Strategy – to counter this inactivity, outlining a 'division of labour' between the EU and the Member States. However, for a strategic document that addresses Europe's challenges in the context of globalisation, it is surprisingly short when it comes to the role of foreign policy in the im-

plementation of objectives. Indeed, only enlargement, the Neighbourhood Policy and development policy are mentioned as external instruments that may “stimulate growth and project our values beyond our borders”.

The June 2006 communication *Europe in the World* consists of a set of practical proposals to increase the coherence and efficiency of EU external policy (especially after the rejection of the Constitutional Treaty, which made important changes to EU foreign policy), and more explicitly raises the question of the relationship between internal and external policies and how the former play a vital part in the external influence of the EU. It calls for a more coordinated use of all available instruments, better strategic planning and the development of new working methods and procedures. It is also the first external relations policy paper that describes the Lisbon Strategy as a policy area in which internal and external policies are interdependent. However, the communication remains rather vague and the remaining sections of the document do not provide any further indications about how the various dimensions of the Strategy may contribute to the external projection of the Union.

Reflection on this last issue is explored in greater depth in a recent document prepared by the Directorate-General for External Trade of the Commission, *Global Europe: Competing in the World*. It puts forward various trade-related proposals on how the Lisbon Strategy can be pursued and, in doing so, underlines the link between internal and external policies (thus, “internal policies like competition, research and development, innovation, education, employment, social and cohesion policy exert a strong influence on the capacity of EU companies to compete internationally. The completion of the Internal Market is a critical platform for EU exports. A strong and competitive home market is a pre-condition for the development of strong global players based in Europe. Harmonising regulatory approaches and striving for high-quality rules and practices inside the EU is essential to addressing these issues and effectively defending our interests abroad”).

Overall, then, it is possible to identify the emergence at the conceptual level of the translation into foreign policy of the various policy areas making up the Lisbon Strategy. The key idea that emerges is that European competitiveness is to be achieved in a multilateral international environment. A strong European con-

tribution to defining the rules shaping that environment requires solid and comprehensive partnerships with other major players. Again, these ideas originate from EU external trade policy, and it is therefore important to see whether they will migrate to general foreign policy strategic thinking in the near future.

If we turn to the bilateral EU foreign policy or relations between the Union and third countries, the picture is equally mixed. Apart from the United States and Japan, which the EU has always considered like-minded partners, policy towards the other countries analysed in this project seems to be undergoing an important evolution. Indeed, if we take the country strategy papers for 2001-2006 for Brazil, China and India as a starting point, the main common trait is that they all reflect the perception that these three countries are recipients of Union assistance and development efforts rather than partners or interlocutors in the implementation of a global agenda. However, there is a change occurring recently. For instance, the 2004 EU-India Strategic Partnership or the October 2006 Commission Communication on relations with China already indicate a shifting perception. With India, there is a commitment to identify areas where the two sides may collaborate in order to strengthen each other's economic and social agendas. Thus, science and technology is a privileged area and a strong increase in joint initiatives is expected to occur

---

*What is still lacking is a clear statement of this evolving approach both in transversal foreign policy discourse and in the individual strategies towards third parties; and the more thorough development of the practical implications of translating internal policies into foreign policy objectives.*

---

in the coming years. The Commission document on China, on the other hand, calls for a cross-cutting approach that considers the impact of China on "the full range of EU policies, internal and external". It is argued that efforts should be directed toward the building of a strategic partnership based on the mutual interest in "an effective multilateral system". More specifically, the EU expresses its ambition to follow

closely the integration of China into the international system and its belief that the strengthening of bilateral ties, namely in those areas pertaining to the Lisbon Strategy will ensure that China becomes a 'responsible' actor in world affairs.

Summarising, there are signs of a new approach to what is perceived as a changed international system, where the role of the Union and its Member States must transcend assistance and focus more on broad dialogue on issues of mutual concern. What is still lacking is a clear statement of this evolving approach both in transversal foreign policy discourse and in the individual strategies towards third parties; and the more thorough development of the practical implications of translating internal policies into foreign policy objectives.

## Conclusions and Recommendations

The paper has examined the external dimension of the Lisbon Strategy from two different angles: first, asking how the international context acts as a framework for the implementation of the Lisbon Strategy, and, second, asking how the Lisbon Strategy contributes to the external projection of the Union. The overall conclusion is that, despite recent evolution, the operational link between the two policy areas is rather weak. If the Lisbon Strategy does not possess an 'external discourse', it is no less true that the Union's external action has still to devise clear mechanisms for the coordinated and mutually-reinforcing integration of internal policies into foreign policy initiatives.

---

*The success of the Strategy requires an intricate articulation not only of policy areas, but also of various levels of governance, from the micro/local to the macro-regional level*

---

Originally conceived as Europe's answer to globalisation, the Lisbon Strategy has two important normative dimensions with direct implications for the Union's role in world affairs. The first has to do with the fact that the Lisbon Strategy is the result of a reading of Europe's current challenges and prescribes specific steps to achieve long-term economic growth and social welfare. The Strategy is not an isolated example but part of a natural convergence of socio-economic agendas of key international players in response to similar challenges. Europe can play an important role in making sure that these parallel agendas are implemented in a complementary and not an inward-looking fashion.

The second normative dimension has to do with the governance model of the Lisbon Strategy. The success of the Strategy, as defined in the relevant documents, requires an intricate articulation not only of policy areas, but also of various levels of governance, from the micro/local to the macro-regional level. In other words, it assumes that defining and agreeing to broad objectives at the macro-regional level (in this case, the European Union) is the most suitable method to pursue what is a difficult socio-economic reform process, although the practical implementation of those objectives requires the active involvement of local actors. Thus, the external implementation of these two dimensions requires a change of the Lisbon Strategy, from a 'domestic' paradigm to an international cooperative one. The following measures would help to achieve a more consistent link between the Lisbon objectives and the Union's external action:

- 1 *Explicitly introducing an external dimension to the implementation of the Lisbon Strategy*, namely in official EU discourse on the issue. Annual Commission reports on the Lisbon Strategy could include a specific section dedicated to the pursuing of Lisbon objectives through the external relations of the EU;
- 2 *Streamlining of the external initiatives of the policy areas that comprise the Lisbon Strategy*. This would require a coordination effort among the various directorates-general in the Commission to ensure that there is a link between their various actions;
- 3 Emphasising the upgrading of Lisbon Strategy subjects as areas of common interest where concrete joint projects should be developed when revising the Country Strategy papers for the next five-year period. Bilateral annual summits should include a regular dialogue on such issues;
- 4 Reflecting seriously on the 'compatibility' of the Lisbon Strategy goals and key objectives of the EU towards third parties. In other words, the upgrading of Lisbon-related topics in bilateral agendas should not be achieved at the expense of other political matters, namely those related with human rights and democracy. It is up to the Commission and EU leaders to find the right balance between foreign policy principles and the need to address issues of common concern;



- 5 Turning the Lisbon Strategy objectives and model of governance into a more explicit topic in EU dialogue with other regional initiatives, especially with those that already have initiated a reflection on similar topics (for instance, the Mercosur). The stress in this case should be on the suitability of regional integration schemes for facing current social, economic and environmental challenges;
- 6 Adopting a more integrated approach in multilateral frameworks - especially the UN, the WTO and the ILO - towards various dimensions of the Lisbon Strategy. The Union's long-standing efforts for the setting of international regulations in areas such as sustainable development, labour and social issues, competition practices, research and propriety rights must be continued, but with a stronger emphasis on linking the three pillars of the Lisbon Strategy: social, economic and environmental;
- 7 Improving the articulation and coherence between the Union and the Member States, especially given the role of the Member States in the implementation of the Lisbon objectives. Instead of involving only the respective Member State ministries it is important to raise awareness at the national level of how foreign policy initiatives boost internal policies. In other words, the change of paradigm that is called for at the European level must be matched at the national level.