

# THE EUROPE 2020 STRATEGY

The Commission released its proposal for the EU's new strategy for **jobs and smart, sustainable and inclusive growth**, entitled "**Europe 2020**" (EU2020), in its communication on 3 March 2010. The European Council, at its meetings of 26 March and 17 June 2010, adopted the Europe 2020 Strategy and endorsed its five headline targets as the overall objectives. The strategy aims not only at facilitating exiting from the crisis but also at laying down foundations to put the economies back on the path of sustainable and job creating growth.

## LEGAL BASIS

There is no legal basis, but the conclusions of the European Council meetings.

## OBJECTIVES

The overall ambition of the 'Europe 2020 Strategy' is to "*help Europe to recover from the crisis and come out stronger, both internally and at the international level, by boosting competitiveness, productivity, growth potential, social cohesion and economic convergence. The strategy responds to the challenges of reorienting policies away from crisis management towards the introduction of medium-to-longer term reforms that promote growth and employment and ensure the sustainability of public finances*".

## ACHIEVEMENTS

### A. General Context

The strategy combines policy actions both at macro and micro economic level while focussing on priorities such as **smart growth** (mainly through actions in the policy area of innovation, education and digital society), **sustainable growth** (through a set of actions focused on climate, energy and mobility), **inclusive growth** (through actions centred on employment and skill and fight against poverty), and **exiting the crisis**.

### B. EU 2020 Targets

There are **five EU headline targets** of the strategy, which constitute shared objectives and are translated into national targets, namely:

1. **Employment target:** 75% of the population aged 20-64year should be employed;
2. **Research and Development (R&D) target:** 3% of the EU's GDP should be invested in R&D/innovation;
3. **"20/20/20" Climate change and energy target:** reduce greenhouse gas emissions by 20% (or even 30%) as compared to 1990; produce 20% energy from renewable and increase energy efficiency by 20%
4. **Education target:** reduce school drop-out rates below 10% and aim that at least 40% of the younger generation should have a tertiary degree;
5. **Target in combating poverty/social exclusion:** reduce the number of people at risk of poverty and social exclusion by 20 million at least;

### C. Flagship initiatives

In order to achieve the above priorities and targets, the Commission proposed **seven "Flagship Initiatives"**, namely:

- "**Digital Agenda for Europe**" aiming at speeding up the roll-out of high speed internet and reap the benefits of a digital single market for households and firms ([http://ec.europa.eu/information\\_society/digital-agenda/index\\_en.htm](http://ec.europa.eu/information_society/digital-agenda/index_en.htm));
- "**Innovation Union**" focusing on improvement of framework conditions and access to finance for research and innovation with the ultimate goal of strengthening the innovation chain and boosting levels of investment throughout the Union ([http://ec.europa.eu/research/innovation-union/index\\_en.cfm](http://ec.europa.eu/research/innovation-union/index_en.cfm));
- "**Youth on the move**"; the objective of the flagship initiatives is to enhance the performance of education systems, facilitate entry of young people to the labour market and to reinforce the international attractiveness of Europe's higher education ([http://ec.europa.eu/youthonthemove/index\\_en.htm](http://ec.europa.eu/youthonthemove/index_en.htm));
- "**Resource efficient Europe**"; the goal of this flagship initiative is to help decoupling economic growth from the use of resources, by decarbonising the economy, increasing the use of renewable sources, modernising transport sector and promoting energy efficiency ([http://ec.europa.eu/resource-efficient-europe/index\\_en.htm](http://ec.europa.eu/resource-efficient-europe/index_en.htm));
- "**An industrial policy for the globalisation era**" setting as the objective to improve business environment, especially for SMEs, and support the development of a strong and sustainable industrial base able to compete globally ([http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/index\\_en.htm](http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/index_en.htm));
- "**An agenda for new skills and jobs**" focuses on the modernisation of labour markets by facilitating labour mobility and the development of skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand (<http://ec.europa.eu/social/main.jsp?langId=en&catId=958>);
- "**European platform against poverty**" aiming at ensuring social and territorial cohesion (<http://ec.europa.eu/social/main.jsp?catId=961&langId=en>).

### D. Sectoral policies and EU 2020

Existing EU instruments and all common policies, in particular the **single market policy**, **cohesion policy**, **international trade policy** and **common agricultural policy**, are also mobilised in order to support the achievement of the targets and objectives of the strategy.

### E. Exiting from the crisis. Economic governance

The crisis has revealed clear weaknesses in economic governance, in particular as regards fiscal and macro-economic surveillance. Hence, **stronger economic governance and fiscal discipline** are at the heart of the Strategy and constitute the crucial and urgent priority. The **European Semester** for policy coordination creates the framework for alignment between, on one hand, the fiscal and macroeconomic coordination ensured through the Stability and convergence reports and the thematic coordination on the basis of EU 2020 objectives translated into National Reform Programmes (NRP). The NRPs should be established with respect to the EU 2020 objectives and aim at channelling existing financial resources into areas with potential to generate sustainable growth and employment.

### F. The annual cycle of the Europe 2020 Strategy and the European Semester

The Commission will, every year by January, release the **Annual Growth Survey**. The survey will be the main input for the Spring Council Meeting. It will comprise a review and a forward looking part. It will focus on fiscal and macroeconomic situation (including macroeconomic imbalances and macro-financial risks and challenges while taking into account the views of the European Systemic Risk Board) and policies to address the identified challenges. It will contain a thematic part stating progress on EU 2020 headline targets and progress and priorities for action in the area of structural reforms. Ahead of the Spring Council, the progress will be debated in sectoral Councils (i.e. ECOFIN, EPSCO, and others). Meantime, the EP will hold a plenary debate and adopt a resolution on progress towards Europe 2020. The Spring European Council will give guidance to Member States and EU level. By mid-April each year, the Member States will submit NRPs and Stability and Convergence Programmes (SCP) adapted to the European semester. NRPs should contain macro-economic scenario (reference to SCP), macroeconomic surveillance and thematic coordination. In June, the Commission will present proposals for country specific opinions and recommendations addressed to Member States. The ECOFIN and EPSCO Councils will discuss the opinions and recommendations and finalise guidance. The European Council in June will provide orientations where necessary in line with the Treaty and endorse the country specific guidance. Through the second half of the year the Member States will finalise their national budgets and policies while taking into account the the EU and country specific policy guidance. The Commission Annual Growth Survey will then assess how Member States took the guidance into account.

Table 1: Europe 2020 Step by Step

<b>2010</b>		
<b>March</b>		03.03 - European Commission: Release of Europe 2020 Strategy
		10/03 - European Parliament: Plenary debate and resolution on Europe 2020 strategy
		25-26 - European Council: Agreement on approach and EU targets
<b>27 April</b>		European Commission: Release of proposal on Integrated guidelines on economic policy
<b>June</b>		16/06 - European Parliament: Plenary debate and resolution on Europe 2020 Strategy
		17/06 - European Council: Final approval of the Strategy including 5 EU level targets
<b>28-29 October</b>		European Council: Discussion on economic governance
<b>12 November</b>		Member States: Submission of draft National Reform Programmes
<b>December</b>		European Council: Discussion on innovation and single market re-launch
<b>2011</b>		
European Semester of policy coordination (Jan - June every year)	<b>12 January</b>	European Commission: Release of Annual Growth Survey
	<b>February</b>	Mid February - mid March - Council of Ministers: Review of Commission's proposals for Recommendations, ECOFIN for SGP
		European Parliament: Plenary debate and resolution
	<b>24-25 March</b>	European Council (Spring Council): Assessment of progress and strategic orientations (guidance to Member States and EU level)
	<b>April</b>	Mid April - Member States: Submission of final NRPs and Stability / Convergence Programmes, taking account of policy guidance from European Council
	<b>June</b>	European Commission: Country specific opinions and recommendations addressed to Member States
European Council (ECOFIN, ECOFIN in Eurogroup, EPSCO): Endorsement of Commission's opinions and recommendations		
<b>July-September</b>		Member States: Decision making -Peer review and monitoring of progress
<b>October - December</b>		European Council: Discussion on selected thematic issues
<b>2012</b>		
<b>January</b>		European Commission: Release of Annual Growth Survey
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## ROLE OF THE EUROPEAN PARLIAMENT

The Commission foresees that the EP will hold a plenary debate and adopt a resolution on progress towards Europe 2020 ahead of the Spring European Council. Before the launch of the first European Semester, the view of the EP has been expressed in a number of its Resolutions (i.e. 10.3.2010 on EU 2020, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0053+0+DOC+XML+V0//EN&language=EN> and 16.6.2010 on EU 2020, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0223+0+DOC+XML+V0//EN&language=EN>). The resolutions called for greater ambition (in particular as regards climate/energy efficiency), more concrete targets, sufficient funding for flagship programmes, completion of the Single Market, stimulating SMEs and high quality employment.

In the framework of coordination under **the first European Semester**, the EP, in its *Resolution of 17 February 2011 on EU 2020* (<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0068+0+DOC+XML+V0//EN>) raised following issues:

1. underlined its concerns about the weak governance structure, urged the Council to strengthen the Community method and called for integration of the EU 2020 goals into the economic governance framework and for the European Semester to be part of the legislative governance package, moreover, national parliaments and social partners should be included at an early stage in order to foster democratic accountability, ownership and legitimacy;
2. the next Multiannual Financial Framework (MFF) should reflect the ambitions of the EU 2020 strategy; the Commission should clarify the budgetary dimension of the Flagship Initiatives and make proposals on the establishment of new own resources so as to provide the EU with real and autonomous financial resources; furthermore, the private sector funding is indispensable;
3. strong and well-financed cohesion policy must be a key complementary element of the strategy; furthermore, synergies between structural funding and FP funding must be created;
4. a bold action aiming to relaunch Single Market and Small Business Act is needed to create jobs;
5. the current content of the EU 2020 strategy, such as the headline targets, flagship proposals, bottlenecks and indicators remain of a very general nature; concrete commitments from Member States through their NRPs and concrete and consistent legislative proposals are needed;
6. as regards Flagship "Innovation Union" there are still particular shortcomings in the field of private research spending, hence an adaptation of the regulatory environment for companies is needed, including SMEs; the financing of research, innovation and development in the EU must be further stimulated and enhanced via a significant increase in relevant expenditure post 2013;
7. as regards Flagship "Youth on the move" the Commission should continue to adequately fund existing mobility and youth programmes such as Lifelong Learning (Erasmus, Leonardo, Comenius, Grundtwig), Youth in Action and Marie Curie as this would make an important contribution to the fight against youth unemployment and towards reach a 75% employment rate;
8. as regards Flagship "Digital agenda for Europe", the Commission should speed up the adoption of proposals related to the digital single market, such as e-commerce, intellectual property, trust & security online, roaming and e-authentication; advancing with the first radio spectrum policy also is needed; developing the free circulation of content and knowledge (the 'fifth freedom'), safeguarding media pluralism are key as is protection of privacy, in this respect the Data Protection Directive should be adapted to the current digital environment to make sure that all citizens have control of their personal data;

9. as regards Flagship "Resource efficient Europe", the Commission should develop concrete benchmarks and ensure monitoring and attainment of targets within the framework of the EU 2020 European Semester of policy coordination; the European energy infrastructure must be modernised and upgraded, smart grids and interconnections which are necessary for realising the internal energy market should be built in order to enhance security of supply, meet energy and climate targets and speed up authorisation procedures;

10. as regards Flagship "An Industrial policy for globalised era", the EU transport and energy policies covering infrastructure and services play an important role in achieving EU 2020 objectives; the transport sector will ensure that the EU market keeps its position as a highly qualified production area, through the decarbonisation of all transport modes, the implementation of the Single European Railway Area and the completion of the Single European Sky. An effective European Raw Materials Strategy would improve accessibility, energy and resource use efficiency while securing critical materials through the development of FTAs and strategic partnerships; moreover access to finance in innovation and infrastructures, notably for smart grids, green technologies, e-health, the Trans-European Networks and projects with proven added value which cannot be financed by the market need to be significantly improved; in this respect, opportunities offered by Project Bonds should be explored;

11. as regards Flagship "An agenda for new skills and jobs", investment in active labour market policies, education and training opportunities for all to acquire new skills are essential to reduce unemployment; so are, in this respect, SMEs and the relaunch of the Single Market, the implementation of the European qualifications framework and the planned legislative initiative reforming the professional qualifications to ensure their mutual recognition;

12. as regards Flagship "European platform against poverty and social exclusion", more concrete actions are necessary to deliver social inclusion, in particular by strengthening the Social Open Method of Coordination, as an integrated strategy involving national and local stakeholders, including people who experience poverty and social exclusion; also a broader agenda to promote decent work, ensure workers' rights throughout Europe and improve working conditions, tackle inequality and discrimination, and combat in-work poverty is needed.

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