



Europe 2020 Strategy

Scotland, autumn 2010

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Where Europe stands now ?

The crisis has wiped out recent progress:

- **GDP growth:** -4% in 2009, worst since the 1930s
- **Industrial production:** -20% with the crisis, back to the 1990s
- **Unemployment levels:**
 - 23 million people
 - 7 million more unemployed in 20 months
 - expected to reach 10.3% in 2010 (back to 1990s level)
 - youth unemployment over 21%

Europe 2020: EU after the crisis (i)

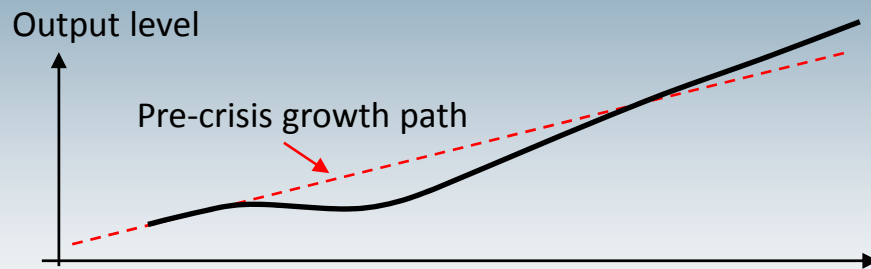
- **Europe's structural weaknesses have been exposed:** lower growth potential, productivity gap, high and rising unemployment, ageing, poverty, limited fiscal room
- **Global challenges intensify:** competition from developed and emerging economies, global finance, climate change and pressure on resources

- **President Barroso**

“ The crisis is a wake-up call ... ‘business as usual’ would consign us to a gradual decline”

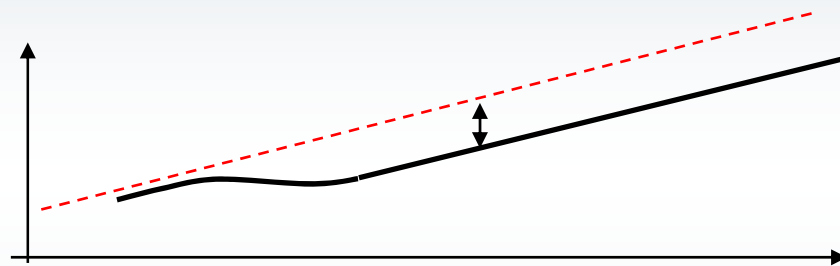
(Communication, 3 March 2010)

Three scenarios for Europe by 2020



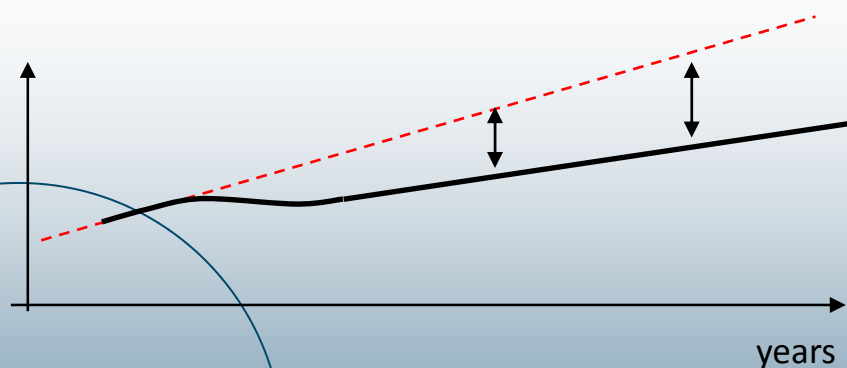
« Sustainable recovery »

Europe is able to make a full return to earlier growth path and raise its potential to go beyond



« Sluggish recovery »

Europe will have suffered a permanent loss in wealth and start growing again from this eroded basis



« Lost decade »

Europe will have suffered a permanent loss in wealth and potential for future growth



Europe 2020: EU after the crisis (ii)

- **Europe needs to be back on track** : our short term priority is a successful exit from the crisis
- **Whilst taking a long-term vision**: where Europe should be in 2020 – no time to waste to face challenges



» **Therefore, a new strategy “Europe 2020” to return to growth, but not same – unsustainable – growth, rather: ‘smart’, sustainable and inclusive growth translating into high employment and social & territorial cohesion**

Why a European strategy?

- **Economic interdependence:** crisis showed need for joint EU responses and more economic policy coordination if EU is to weigh in global fora
- **The political momentum within the EU is clear:** problem analysis on urgency and need for more econ. policy coordination is shared (informal Summit of Heads of state & govt – 11.2.2010)
- **The EU gives us the critical mass to have impact:**
 - Activate all policy areas and levers in an integrated way
 - Exchange good practice

Lessons from Lisbon Strategy

Strong convergence on direction of reforms ...

- Concrete results before crisis
- Partnership EU & Member States
- « Lisbonisation » of structural funds

... but a delivery gap has built up:

- Uneven progress between Member States
- Key targets (R&D, employment) not reached
- Lack of ownership; weak communication
- Regions not sufficiently involved
- Too EU-inward looking

**→ UPDATE VISION TO POST-CRISIS WORLD &
IMPROVE DELIVERY**

Europe 2020: delivering reforms

- 3 thematic **priorities**
- 5 EU headline **targets** – to be translated into nat'l ones in close dialogue with the EC
- 7 **flagship** initiatives – EU & national action
- Mobilising existing EU **instruments & policies**:
 - Single market
 - External dimension
 - Common policies (cohesion, agriculture)
 - SGP
 - EU and national Budgets & new financing instruments

Europe 2020: 3 interlinked priorities

- 1.) **Smart growth**: developing an economy based on knowledge and innovation
- 2.) **Sustainable growth**: promoting a more efficient, greener and more competitive economy
- 3.) **Inclusive growth**: fostering a high-employment economy delivering social and territorial cohesion

Europe 2020: 5 EU headline targets (to be translated into national targets)

By 2020:

- 75 % **employment** rate (% of population aged 20-64 years)
- 3% investment in **R&D** (% of EU's GDP)
- “20/20/20” **climate/energy** targets met (incl. 30% emissions reduction if conditions are right)
- < 10% **early school leavers** & min. 40% hold **tertiary degree**
- 20 million less people should be at **risk of poverty**

Europe 2020: 7 flagship initiatives underpin the targets

Smart Growth	Sustainable Growth	Inclusive Growth
Innovation <i>« Innovation Union »</i>	Climate, energy and mobility <i>« Resource efficient Europe »</i>	Employment and skills <i>« An agenda for new skills and jobs”</i>
Education <i>« Youth on the move »</i>	Competitiveness <i>« An industrial policy for the globalisation era »</i>	Fighting poverty <i>« European platform against poverty »</i>
Digital society <i>« A digital agenda for Europe »</i>		

Europe 2020: new governance

- Lead role for the **European Council**
- Extend **partnership** to regions, social partners & civic society
- **COM and European Council monitoring ...**
 - 1.) **Thematic** - combining priorities and headline targets
 - 2.) **Country** - Member States strategies to meet targets

... **based on international** comparison
- **Country-specific recommendations & policy warnings**
- **Simultaneous reporting** under Europe 2020 and SGP – but keeping instruments separate & maintaining integrity of SGP

STEPS TAKEN AND STATE OF PROGRESS

- **March 3rd 2010:** Commission proposal (COM(2010)2020)
- **Spring European Council (25.3.2010):** endorsed overall approach, agreed on the EU headline targets and “governance”
- **EU HEADLINE TARGETS:**
 - ✓ Employment target ambitious but realistic
 - ✓ Relevance and importance of R&D target confirmed
 - ✓ Commission will propose an output indicator on innovation
 - ✓ Indicative nature of energy efficiency target

STEPS TAKEN AND STATE OF PROGRESS (I)

- ✓ Further work on quantification of 2 headline targets – education and social inclusion - completed
- ✓ Broad agreement on numerical rates of the two education related targets but equal emphasis on quality of education
- ✓ Social Inclusion / Poverty target: agreement on formulation (lifting at least 20 M. from risk of poverty and exclusion); measurement on basis of three indicators
- ✓ Suggestion for mid term review of all targets

STEPS TAKEN AND STATE OF PROGRESS (II)

INTEGRATED GUIDELINES

- **Commission proposed new IGs in April 2010:**
 - **6 Broad Economic Policy IGs**
 - **4 Employment IGs**

- **Consolidated version to be endorsed by June European Council**
- **Formal adoption later this year**

- **IGs to serve as a basis for Country Specific Recommendations and policy warnings**

STEPS TAKEN AND STATE OF PROGRESS (III)

BOTTLENECKS

- To be understood as barriers to growth – obstacles preventing MS from reaching their targets
- MS to identify bottlenecks in close cooperation with the EC in the context of preparation of NRPs
- Preparatory work has started in EPC and EMCO

NEXT STEPS (I)

IMPLEMENTATION & MONITORING

- **June European Council 2010:** to approve detailed parameters, including the integrated guidelines
- **Communication by EC on governance of new strategy before summer**
- **NRPs to be prepared in autumn 2010:**
 - ✓ They should present the national targets
 - ✓ They should focus on policies to reach the national targets and address bottlenecks

NEXT STEPS (II)

IMPLEMENTATION & MONITORING

- **Annual assessment of the progress at national and EU level by EC and European Council;**
- **European Council to hold dedicated discussions on major priorities of the new Strategy:**

✓ **first such discussion to take place in October 2010 on R&D**

Europe 2020 Strategy



<http://ec.europa.eu/eu2020>

Thank you for your attention!