



EUROPEAN COMMISSION

EUROPE 2020

Presentation of J.M. Barroso,
President of the European Commission, to the Informal European Council of 11 February 2010

missie Komisja Europejska
a komisja Evropska
КОМИСИЯ

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The crisis has wiped out progress

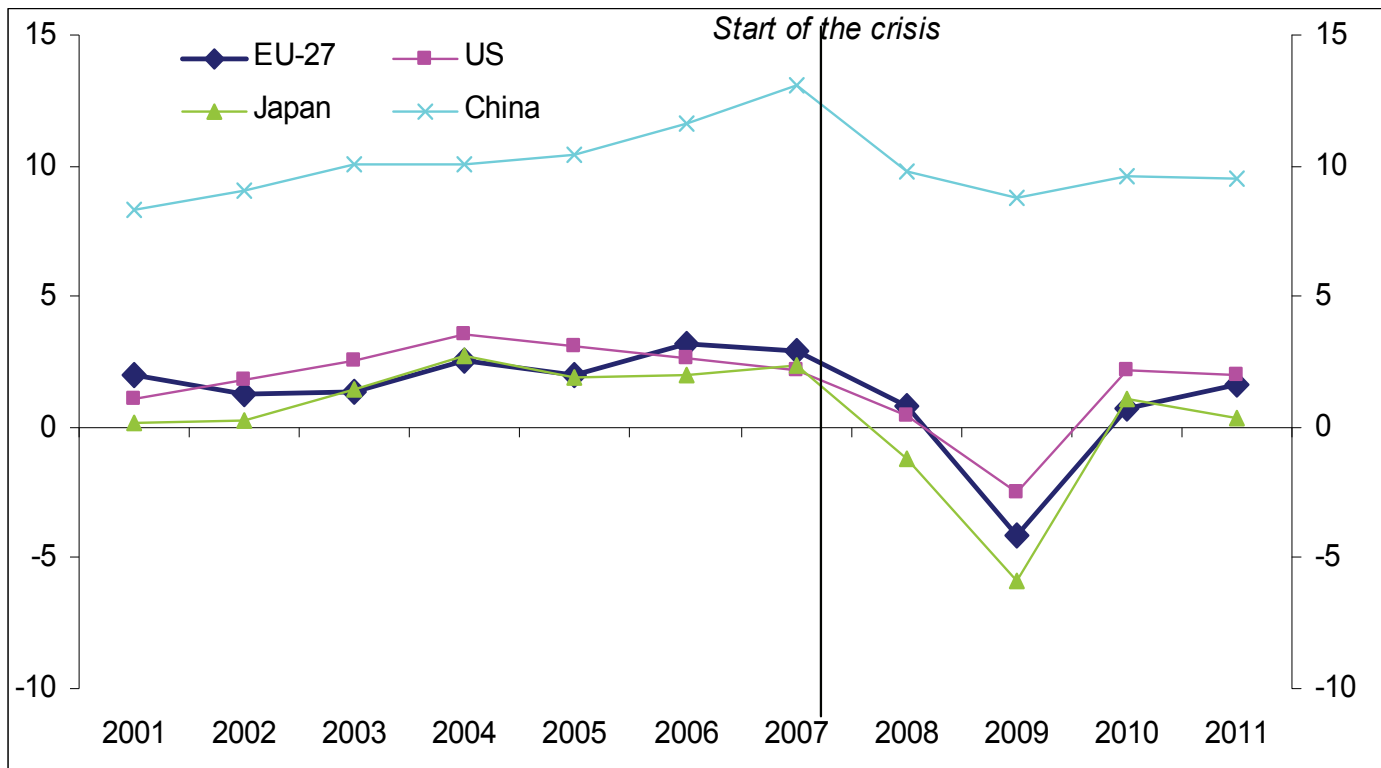
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- GDP growth: -4% in 2009, worst since the 1930s
- Industrial production: -20% with the crisis, back to the 1990s
- Unemployment levels:
 - 23 million people
 - 7 million more unemployed in 20 months
 - expected to reach 10.3% in 2010 (back to 1990s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

Europe's growth was severely hit

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Annual GDP growth (%)



Source: European Commission

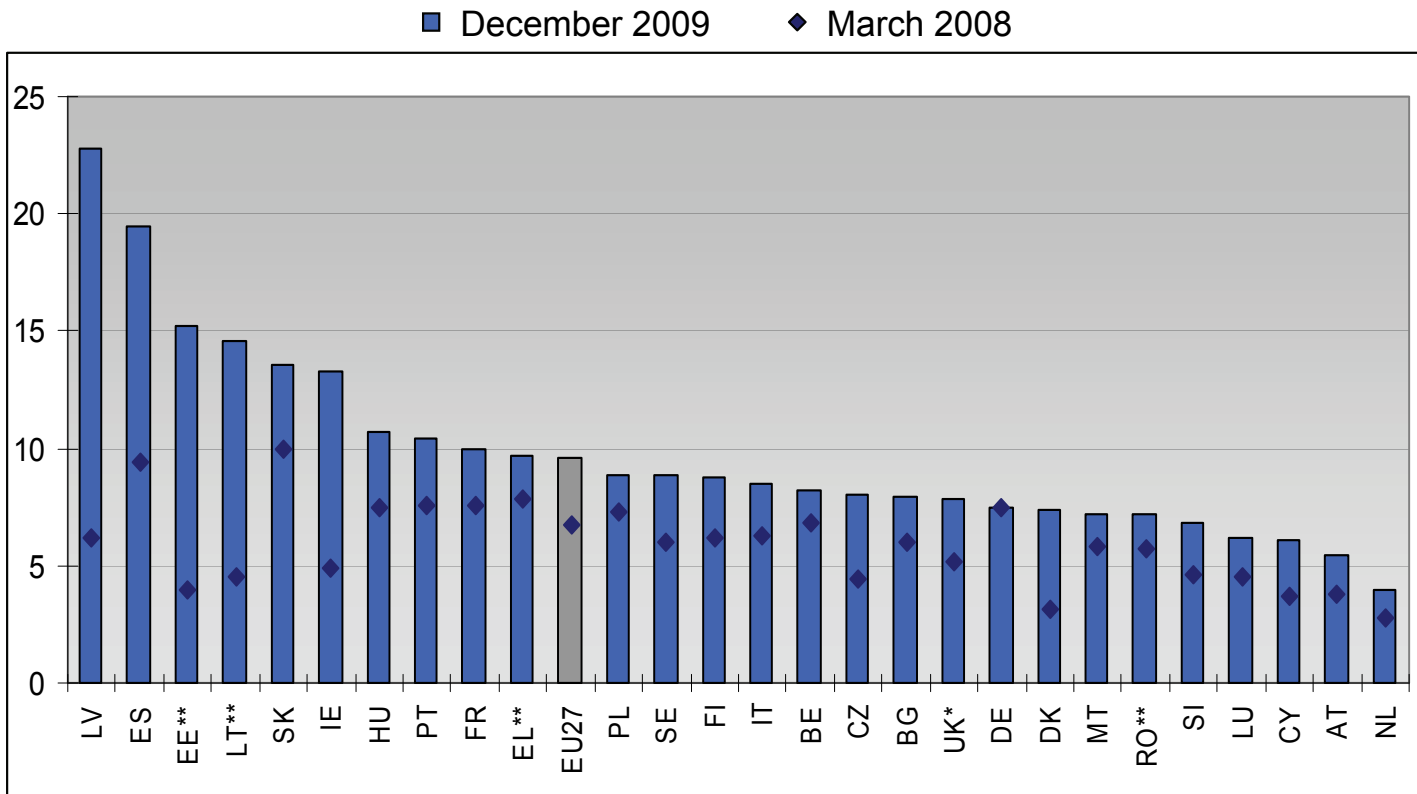
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Unemployment has spread

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Unemployment rates in the EU, December 2009 (and increase since March 2008)



Source: European Commission

Notes: * UK: October 2009; ** EE, EL, LT and RO: third quarter 2009

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Europe must react to avoid decline

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- Our growth potential has been halved by the crisis: if we do nothing, we will end the decade with very low economic growth
- Ageing is accelerating: our working age population will be reduced by about 2 million by 2020, and the number of 60+ is increasing twice as fast as before 2007
- Productivity levels are lagging behind: two-thirds of our income gap with the US is due to lower productivity

Our room for manœuvre is limited

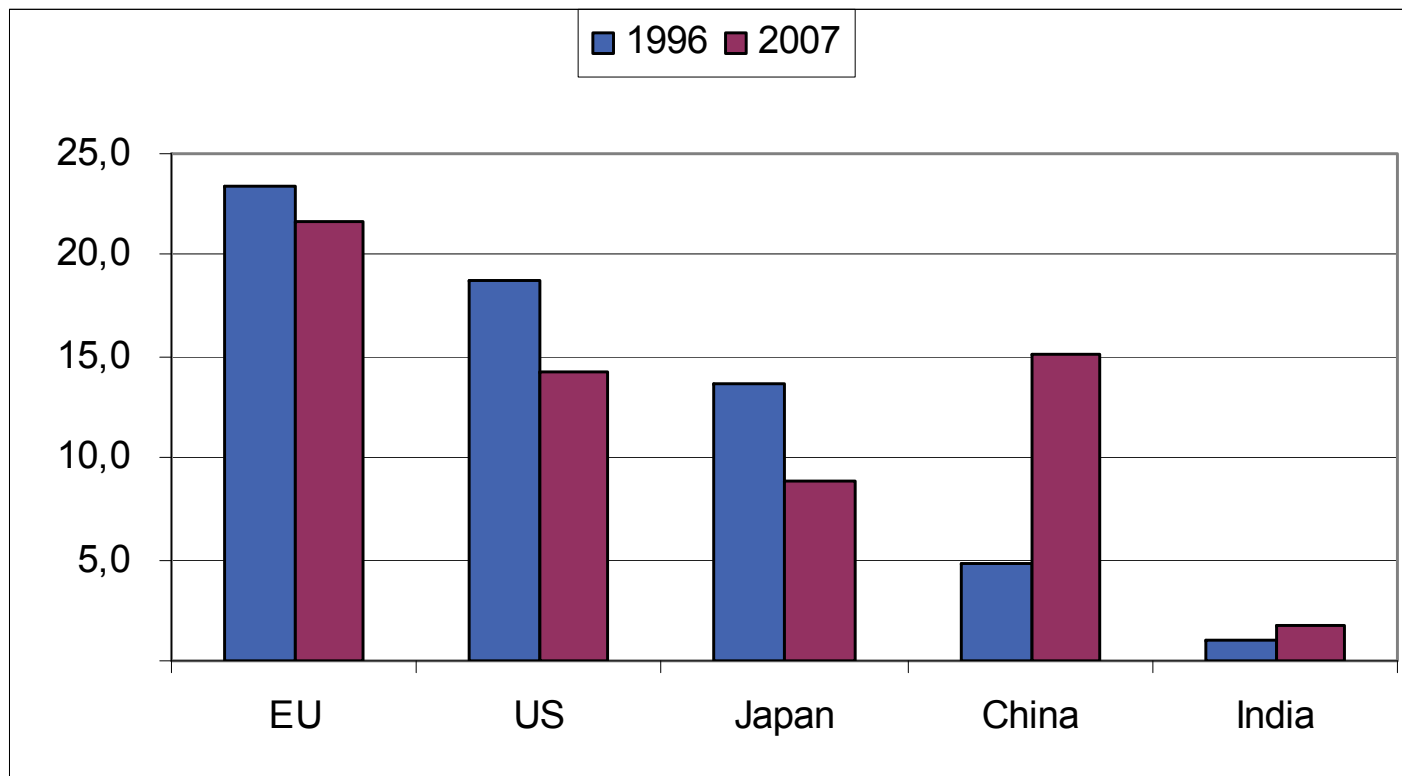
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- Our public finances are very severely affected: deficits at 7% GDP on average and debt levels at over 80%; 2 years wiped out 20 years of consolidation
- Our financial system still needs fixing: reduced bank lending is still holding back recovery
- Global competition is fierce: EU share of global exports is declining relative to China and India

Global competition is fierce

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Export share (% world exports)



Source: European Commission

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We must learn the lessons

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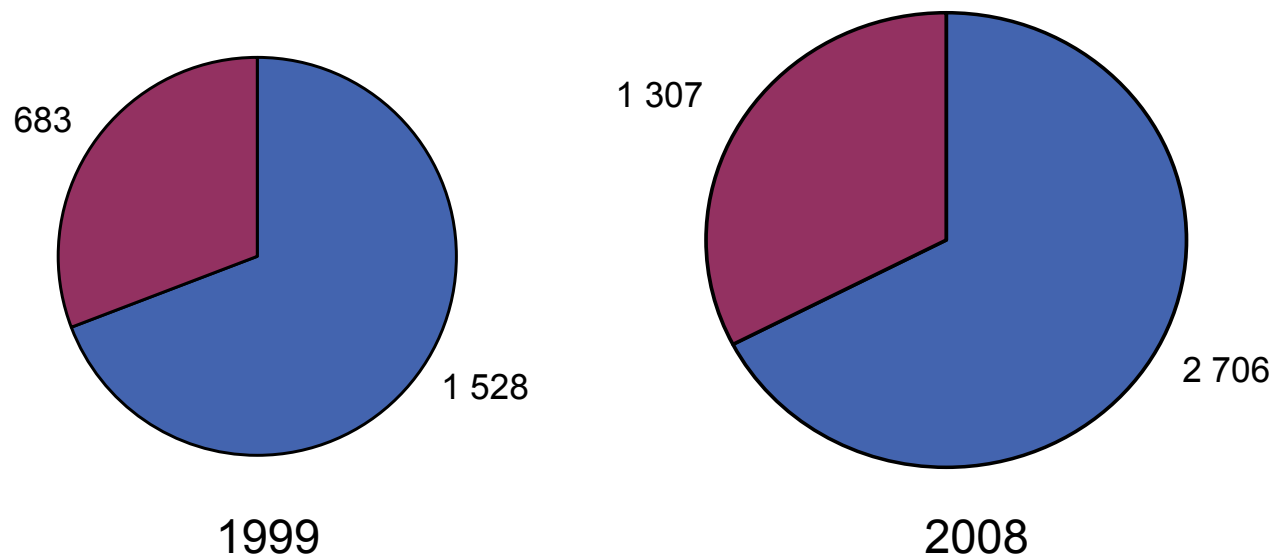
- Our economies are interdependent: up to 70% of car components for each car produced in the EU come from other Member States; overall, for € 1000 of growth in a Member State, around € 200 goes to other Member States via intra-EU trade
- In the crisis, the need for coordination became obvious; it is even more crucial for our recovery: decisions taken in one Member State impact the others
- The EU adds value: we should build on our strengths - the internal market, the euro - and on our leadership in the G20

Intra-EU trade is high and growing

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Intra-EU and extra-EU exports of goods

- Intra-EU exports of goods in billion euros
- Extra-EU exports of goods in billion euros

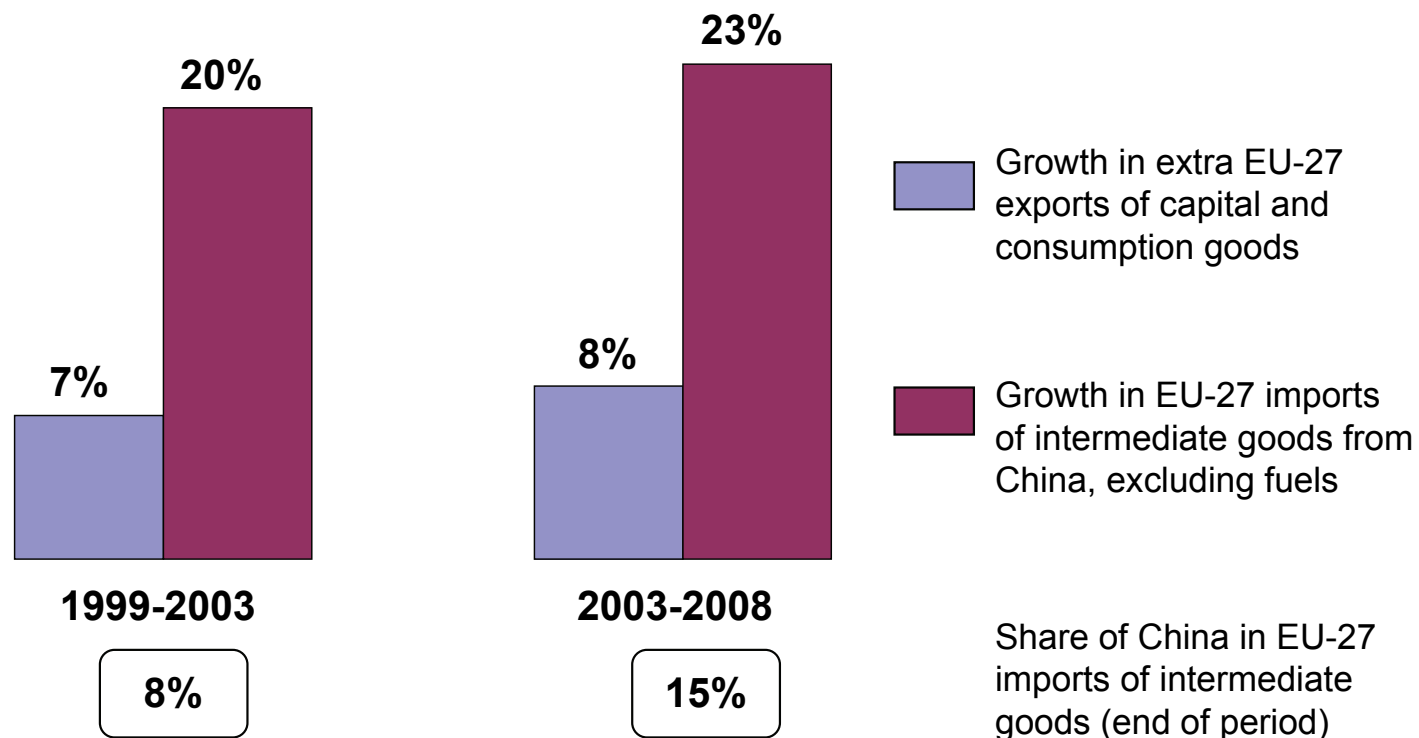


Source: European Commission

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Our futures are interlinked

Relation between EU imports and exports of goods

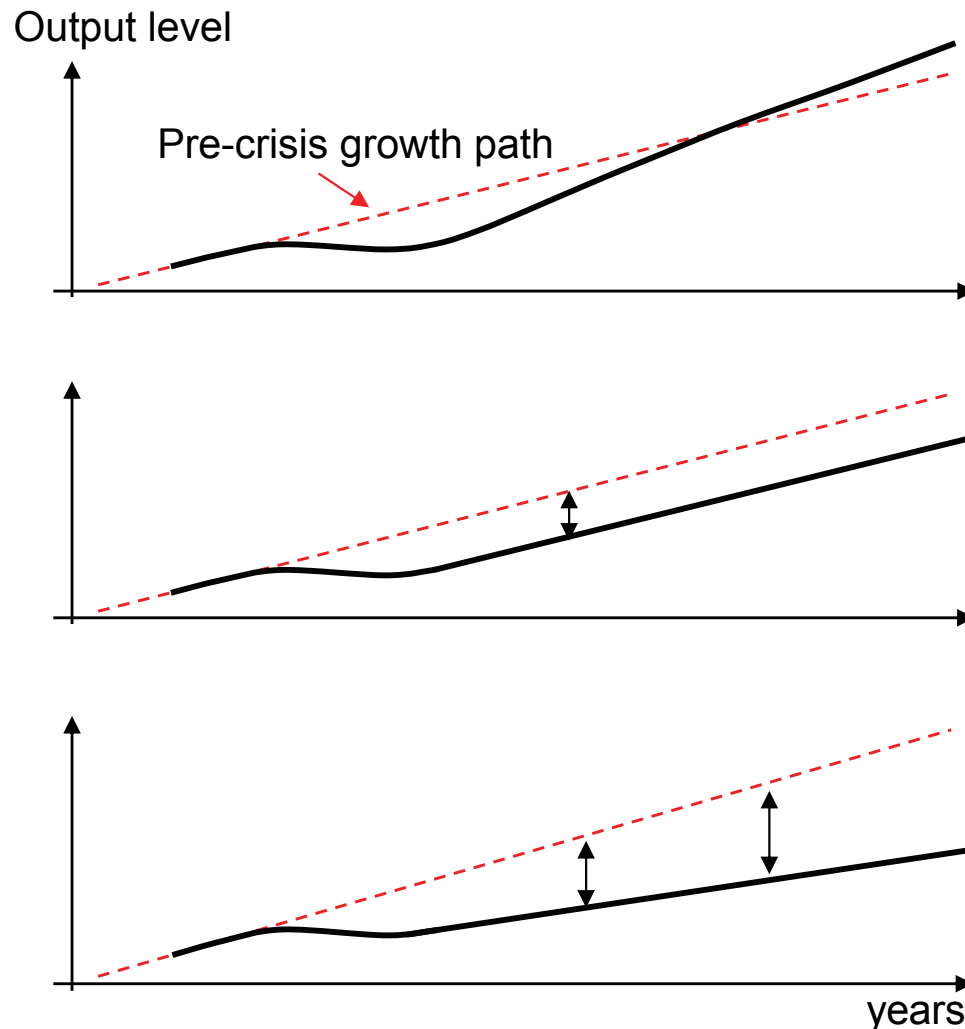


Source: European Commission

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Where do we want Europe in 2020?

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« Strong recovery »
a full return to earlier
growth path and a
capacity to go beyond

« Sluggish recovery »
a permanent loss in
wealth and stagnation on
a lower growth path

« Lost decade »
a permanent loss in wealth
and an eroded potential for
future growth

From exit to lasting recovery

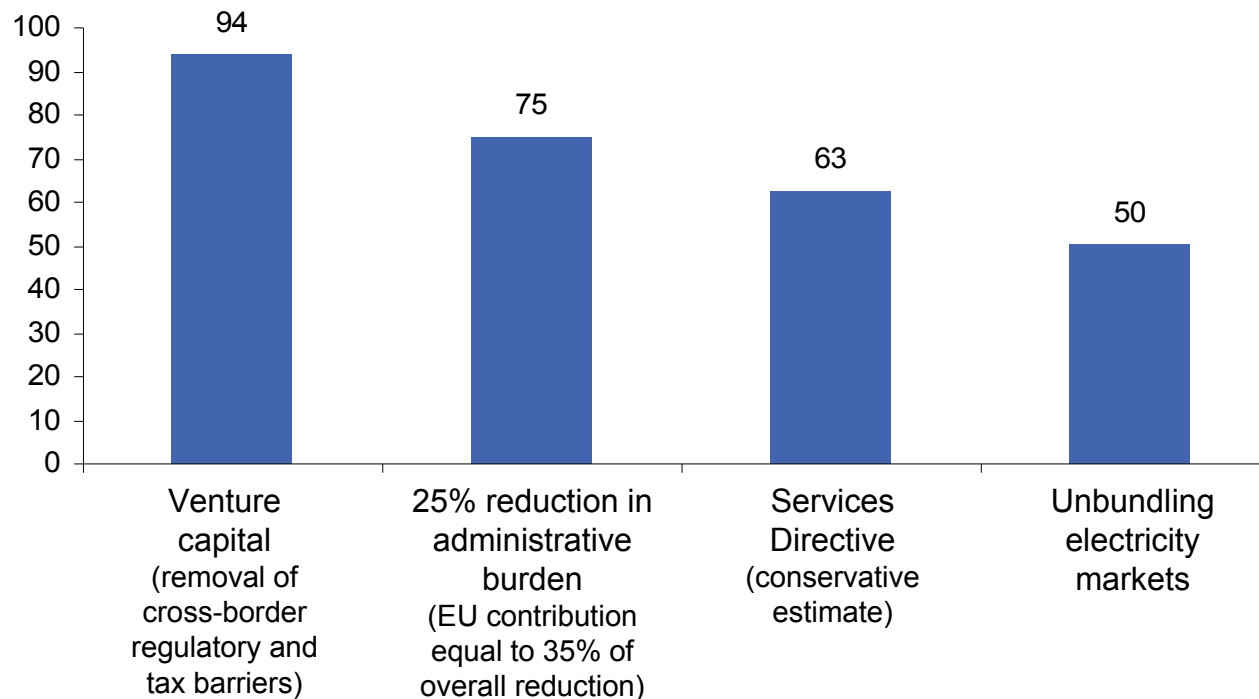
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- The “exit” means the entry into a different economy: we will not return to the situation before the crisis
- We must face up long-term realities – globalisation, pressure on resources, ageing, technological trends – and tap our full potential
- 2020 starts now: our recovery efforts must pave the way for sustainable growth and fiscal consolidation

Acting together at EU level pays off

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Medium-term impact (2020) on EU GDP of specific EU-level measures – model simulations, in € billion



Source: European Commission

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Three priorities for sustainable growth and jobs

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- **Growth based on knowledge and innovation**
 - Innovation
 - Education
 - Digital society
- **An inclusive high-employment society**
 - Employment
 - Skills
 - Fighting poverty
- **Green growth: a competitive and sustainable economy**
 - Combating climate change
 - Clean and efficient energy
 - Competitiveness

Growth based on knowledge and innovation

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INNOVATION

Key facts

- R&D spending is below 2%, compared to 2.6% in the US and 3.4% in Japan; our smaller share of high-tech firms explains half of the gap with the US
- Google spends more on information and communication technologies R&D than the EU FP7 does

Possible EU flagship:

EU Innovation Plan

EDUCATION

Key facts

- Less than 1 person in 3 aged 25-34 has a university degree, compared to 40% in the US and over 50% in Japan
- 1 in 7 young people drop out of school, and 1 in 4 have poor reading skills

Possible EU flagship:

Youth on the Move

DIGITAL SOCIETY

Key facts

- The world market in information and communication technologies is worth € 660 billion and employs 1/3 of research workforce: EU firms make up only 23% of this
- 56% of households have a broadband connection, but many users have doubts about safety and financial transactions on the internet

Possible EU flagship:

EU Digital Agenda

An inclusive high-employment society

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JOBS	SKILLS	FIGHTING POVERTY
<p><u>Key facts</u></p> <ul style="list-style-type: none">• Despite progress, only 2/3 of our working age population is employed (66%), compared to over 70% in the US and Japan• Only 46% of our older workers (55-64) are employed compared to over 62% in the US and Japan	<p><u>Key facts</u></p> <ul style="list-style-type: none">• About 80 million people have low or basic skills, but lifelong learning benefits mostly the more educated• By 2020, 16 million more jobs will require high qualifications, while the demand for low skills will drop by 12 million jobs	<p><u>Key facts</u></p> <ul style="list-style-type: none">• 80 million people were at risk of poverty in the EU prior to the crisis; 19 million are children; unemployed are particularly exposed• 8% of people in work don't earn enough to make it above the poverty threshold
<p>Possible EU flagship: <i>A New Jobs Agenda</i></p>	<p>Possible EU flagship: <i>New Skills for New Jobs</i></p>	<p>Possible EU flagship: <i>European Action against Poverty</i></p>

Green growth: a sustainable and competitive economy

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COMBATING CLIMATE CHANGE	ENERGY	COMPETITIVENESS
<p><u>Key facts</u></p> <ul style="list-style-type: none">• Achieving our goals means reducing emissions by twice as quickly in the next decade than in the last decade• Jobs in the eco-industry have increased by 7% every year since 2000; meeting our renewable target would mean 2.8 million jobs in the sector	<p><u>Key facts</u></p> <ul style="list-style-type: none">• Meeting our goals will result in € 60 billion less in oil and gas imports by 2020• Further progress with the internal market for energy can add 0.6% to 0.8% GDP	<p><u>Key facts</u></p> <ul style="list-style-type: none">• The market for green technologies is forecast to triple by 2030 / Improving resource efficiency by 20% would increase EU growth by around 1 per cent• Using the single market to the full / improved market access and regulatory convergence can boost growth and jobs
<p>Possible EU flagship: <i>Low-Carbon Strategy</i></p>	<p>Possible EU flagship: <i>Energy Action Plan</i></p>	<p>Possible EU flagship: <i>Industrial Policy for the Globalisation Era</i></p>

