

Notre Europe's contribution to the Commission's consultation on the future "EU 2020" strategy

With the Lisbon Strategy arriving at its end, the Commission's initiative to open a public debate on the future "EU 2020" strategy is more than welcomed. However, *Notre Europe* considers that the Commission's paper falls short in providing a strong foundation for a thorough debate on the future shape of the EU 2020 strategy. In particular, there are various points of concern regarding the diagnostic on which the new strategy is based, its content (in terms of priorities and objectives), the instruments and modes of governance foreseen to implement it, and the calendar envisaged to adopt it.

1) Refining the diagnostic

The Commission's document is built on the assumption that the context hasn't really changed since the time Lisbon was launched. The challenges to which Europe is confronted today – globalisation, demographic change - are deemed to be roughly the same than ten years ago. This is true in general terms, but it is also true that there are new challenges whose existence was not perceived in 2000, such as the emergence of new economic competitors (China, India) or the energy/climate challenge. The Commission's paper cites some of these challenges – in particular the energy/climate issue- but it does not explore in-depth how to meet them and the opportunities they pose to Europe.

Take for instance the case of the energy/climate challenge. The paper sets as one of the priorities for 2020 "creating a competitive, connected and *greener* economy" but it remains very vague in its recommendations on how to achieve this goal. It proposes various reforms in different areas (network industries, transport and energy infrastructures, industrial policy) but it does not provide empirical or analytical evidence to justify the appropriateness of such reforms. Indeed, it does not provide a diagnostic of the current situation (how far is Europe from reaching the 20/20/20 objectives? how 'green' is the European productive system right

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now? what are the main obstacles to move towards a more sustainable transport and energy system?), neither it analyses the opportunities that ‘greening the economy’ offers for Europe; both in terms of competitiveness (what is our situation vis-à-vis other regions of the world, i.e. do we spend more on R&D in green technologies? are we more efficient in the use of energy resources? do we have a comparative advantage in the production of some ‘green’ products or services?) and in terms of employment (what would be the impact of a switch towards a greener economy in terms of supply and demand of jobs and qualifications? can employment policies facilitate the transition towards a greener economy?).

Apart from a weak analysis on the economic and social context, the Commission’s paper does not include an analysis of the political failures that affected the functioning of Lisbon Strategy. Understanding what failed with Lisbon is essential to avoid committing the same mistakes. In this respect, it is striking that the paper hardly mentions the Lisbon strategy, as if Europe 2020 had to be built from scratch.

2) Restricting the scope on few, clearly defined objectives

To ensure the success of Europe 2020, it is essential avoiding what has been one of the main problems with Lisbon; the fact of being “about everything and thus about nothing”. This will not be easy: in 2005, the Kok Report rightly alerted on this problem, and proposed a refocusing of the Strategy on “growth and employment” to resolve it. This partly worked, but at the cost of downgrading the social and environmental objectives of the Strategy.

The Commission’s paper tries to avoid the 2005 mistake by placing economic, social, and environmental concerns on the same foot. It sets out three key priorities for 2020, which roughly correspond to an economic objective (“creating value by basing growth on knowledge”), a social objective (“empowering people in inclusive societies”) and an energy/environmental objective (“creating a competitive, connected and greener economy”). Yet, these ‘key priorities’ are very vaguely defined and risk becoming some sort of ‘containers’ to put everything inside. Besides, they are partly overlapping. Thus, for instance, investing in education and skills appears as an intermediate objective in both the first and second key priorities, and promoting entrepreneurship is mentioned as a pre-condition to achieve both the second and third priorities.

Placing social and environmental concerns back into the core of the strategy is the right choice, but there is a need to restrict the scope of the strategy. Rather than focusing on “key priorities”, defined in thematic terms, it would be better to focus on few, clearly defined objectives (4-5 maximum), each one corresponding to different policy areas (i.e., education and training, research, transport and energy networks, digital economy). These different objectives could then be broken down into a list of operational actions, to be carried on at the EU and/or the national level. The selection of policy areas could be open to discussion, but in principle it should be based on two criteria: first, whether or not action in this area is strategic to meet the final goal (“to become a knowledge-based, greener and more inclusive economy”); and second, whether the policy domain is one in which EU action or coordinated action between member states delivers greater results than uncoordinated action at the national level.

3) Differentiating between action at the EU level and action at the national level, and reinforcing the first one

As said above, a proposal for a post-Lisbon strategy should lay on an analysis of past policy failures. One of the problems with Lisbon was the lack of a clear distinction of responsibilities between authorities, which lead to an inevitable confusion of responsibility. The Kok report already pointed out this problem and recommended a set of reforms to make each level’s responsibility more visible and identifiable – notably the creation of a Lisbon Community Programme, covering all actions taken at the EU level, and the elaboration of National Reform Plans. These reforms were taken up in 2005, and they partly worked, but the evidence suggests that EU and national actors’ accountability on Lisbon results is still rather weak.

A second problem was the lack of ownership by the socio-economic actors and by the ordinary citizens of the Lisbon Agenda, because it completely ignored the role played by the regions and the local authorities. As a consequence, the reference to local and regional authorities was introduced into the conclusions of the 2006 Spring Council meeting, but no real substance was given to it in the following years, with the exception to the earmarking of the Structural Funds.

Against this backdrop, the Commission’s paper emphasis on ‘interdependence’ and ‘partnership’ seems rather odd. What is needed for the new strategy is not “to make more

explicit the interdependences between different levels of government” but to clearly distinguish what has to be done at the EU level and what is to be done at the national level and at sub-national level. In particular, the Commission’s proposal for EU 2020 should include a detailed proposal for a Community EU 2020 Program. This program has to cover a shorter period (i.e. a 5-years period), and should detail all the initiatives that the Commission intends to carry on in the following years to help achieve the EU 2020 goals. Initiatives have to be described with a sufficient degree of detail and should be presented in an orderly manner (not as it is the case in the current Commission’s paper, where EU actions are mentioned in a disordered way and without much detail).

4) Strengthening the Open Method of Co-ordination

Another well-known policy failure of Lisbon was the inability to enforce member states’ commitment in those areas covered by the Open Method of Co-ordination (OMC). The use of the OMC has been widely criticised in the last years, and it is quite surprising that the Commission’s paper makes no mention of it at all. Some experts argue that the OMC has proven totally useless and that we should simply rule out its use in the coming years. Yet, there is evidence of some positive effects from the use of OMC (in terms of cognitive convergence, for instance) and, to a certain extent, the use of non-binding mechanisms is a necessary evil to make progress in those areas where the EU has few or no competence.

Rather than ruling out the use of OMC, we believe it is time to seriously consider the possibility of introducing sanctions and/or incentives in the context of OMC policies. We can no longer and naively believe on the possibility to force commitment through the peer pressure system, as past experience has shown that this is not enough. The Commission’s future Communication on EU 2020 should include specific proposals of reform in this direction. A promising avenue for action, for instance, would be to condition the granting of EU financial aid to member states’ (or regions’) performance in achieving EU 2020 goals.

5) Setting a realistic calendar

As noted by many observers, the calendar envisaged for the adoption of the EU 2020 strategy is too short. The Council is scheduled to adopt the new strategy in March 2010. Providing that

the new Commission will not be in place before February, this gives to the Commission less than two months to elaborate a detailed proposal of 2020 strategy.

To make matters worse, the Commission's proposal will not be preceded with genuine democratic debate and reflection. Despite the Commission's promise to launch the public consultation on September, this has been finally launched at the end of November, giving to citizens, civil society groups and stakeholders less than a month and a half (Christmas break included) to give their say on the new strategy. As regarding the European Parliament, if March 2010 remains the deadline for the Council to come to an agreement it will not have the time to properly consider and make recommendations on the Commission's proposal.

Adopting a new ten-year strategy of economic and social development is a serious matter. If working effectively, it will have huge consequences on the political orientation, actions and investments of the EU for the next decade. It is therefore highly recommendable to rethink the calendar. In the coming months, the priority will rest on the short-term (how to exit from the crisis) and it is hardly imaginable that political actors will have much time to debate on the 2020 objectives. As various observers have noted, the best would be to postpone the adoption of the EU 2020 strategy to the European Council on December 2010, thus letting more time for discussion and reflection.

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