

Environmental Network of Environmental Authorities-Managing Authorities (ENEA-MA): compilation of comments

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Overall Strategy or First of Series of Strategies?

As the first draft of a renewed Lisbon Strategy, the 2020 Strategy as it is, no longer seems to focus on jobs, sustainable growth and competitiveness, but seems to have higher ambitions to become the main strategy to shape the future of the EU policy, and its translation into the 2013-2020 financial agenda.

If the 2020 Strategy is to be seen as an overall strategy, the proposed text is not to the expectations for the foreseen vision that creates the boundaries for a balanced, future oriented vision for the next decade. The 2020 Strategy seems to limit the EU vision to a greener, more social and sustainable but nevertheless only economical project.

Apart from greening of our economies for reasons of climate change and competitiveness, growing demands for and security in terms of energy, natural resources, food and feed, among others, will shape the future policies on a global scale.

If, however, the 2020 Strategy is a first step in a series of strategies to follow, the proposed text still lacks balance in terms of what is to be understood as sustainability and needs additional input in terms of the link between economic and social development with respect to environmental limits. The text seems to address only the short term economical, but not the social and environmental needs of a future European society in a rapidly changing world. The strategy needs to clearly disaggregate the conventional economic opportunities afforded by 'greening our economy' and exploiting opportunities around developing the environmental goods and service sector. A low carbon or environmentally sustainable economy is one that operates within clearly defined environmental limits or carrying capacities, allowing the production of resources and the assimilation of wastes. There is also no reference in this text to the decoupling of economic activity from increase resource consumption and environmental degradation.

The 2020 Strategic text seems to cover the crucial vision on jobs and growth, to be followed by other strategies that will shape the future EU 2020 policy. If this is to be an overarching strategy of the EU, it is a fair expectation that would bring together strategic objectives/targets of all key sectors and cross cutting themes.

A complete vision towards 2020 should be based on putting forward cross-cutting priorities within EU competence that will shape the overall policy, to be cross-checked and integrated in all sectoral policies. Obviously cross-cutting themes should include jobs, climate change & energy security, and sustainability - but might equally cover public health, environment, social and cultural diversity, poverty, R&D and cohesion, among others.

All European expenditures have to be checked on their added value and potential to support 2020 goals. As a priority, the sustainability and climate resilience of the funded priorities have to be guaranteed.

Additional general comments

- There is a frequent abuse of the word sustainability. It should be clearly stated what the three pillars (equally important and in balance) represent: economic, social and environmental sustainability or to consider social and economic sustainability as a sub-set or bounded by environmental constraints. The economic development must operate within clear environmental limits and carrying capacities. These limits need to be defined and set.

- As such, sustainability should be a cross-cutting priority of all future EU policies. No references are made to environment, biodiversity or nature as an integral part of the territorial agenda of integration policy. Nor are links made between climate change or ecosystem services that can be delivered to the society.

- The text also lacks a vision of responsibilities in terms of sustainable use of resources or climate change on

a global scale, and how EU policies will adapt to these challenges and take responsibilities with regards to the developing world.

- Not only must the strategy concern itself with the economic and competitive opportunities around developing the environmental goods and services sector, it must also provide a clear strategy for reducing the carbon and environmental intensity of all economic activities.
- Increasing resource efficiency plays a small and important part in this, but we also need to consider re-defining business as usual i.e. redefining productivity to achieve 80%+ cuts in carbon emissions and other life supporting environmental resources.
- Demographic change is also not sufficiently eluded to both in terms of economic and environmental impacts. With a significantly aging population, the remaining much smaller economical active population will have to work much harder, or be even more productive, if we are to retain a large 'retired' or aging population. Alternative consideration of redefining productivity and/or assessing the impact that the 'third or voluntary' sector has to play within the economy is crucial.
- The Commission Working Document "EU 2020" does not make any reference to Cohesion Policy which is the only Territorial Development Policy specifically foreseen by the Treaty. In addition, Cohesion Policy has supported, even more than others policies, Lisbon Strategy and the Sustainable Development Strategy.
- The Document does not quote the conservation and enhancement of natural and cultural resources - an important opportunity for sustainable development, in particular in less favored areas.
- Regarding Sustainable Transport, the document does not given prominence to an efficient public transport at local level, which strongly impacts on urban environmental quality and, consequently, again on human health.

In case of absence of a complementary strategy on Resource use, Natural Capital or Biodiversity Conservation:

- The document does not refer to any link between the European economic success and its natural diversity and the ecosystem services provided in all its forms. A greener economy needs to include the economic value of ecosystem services. This requires a range of policy instruments and integrated sectoral policies. Important sectors are agriculture, fisheries, mining, oil and gas, tourism and biomass/bio-energy.
- A major international initiative concerning the global economic benefits of biodiversity is the Economics of Ecosystems and Biodiversity (TEEB) study. It highlights the growing costs of biodiversity loss and ecosystem degradation and stresses that businesses have a huge role to play in how we manage and invest in natural capital. With EU's strong support and initiatives related to it, we would welcome an explicit reference to it in the EU 2020 Strategy.
- The working document refers to a more efficient use of natural resources in terms of its economic performance. However nothing is said about the necessity to assure nature preservation as a basic prerequisite for maintaining both the European economy and society.
- There is not a single reflection on the relation between economy and environment. At the same time, no links are established between climate change mitigation and the need to preserve nature and biodiversity. There is a lack of precise instruments that might be used within European policies to achieve environmental objectives set at the EU level and integrate environmental conservation as a cross-cutting priority in all sectoral policies.
- It would be desirable that the EU 2020 Strategy explicitly includes, as one of its objectives, the need for nature and biodiversity preservation as an economic and community driver.

Proposed textual changes

This is a time of deep transformation for Europe

~~The worst economic and financial crisis in decades has hit Europe hard with a sharp economic contraction. The unemployment rate is set to rise to double digit figures in 2010, a level not seen for a decade.~~

Too narrow "starting point". In its current form, the document sends a message that the financial crisis is the only serious challenge that member states will have to address in the coming years...

Other starting point would be welcome, including a long term vision, incorporating, for example,

... Apart from greening our economies for reasons of climate change and competitiveness, growing demands and security in terms of energy, natural resources, food and feed, among others, will shape the future policies on a global scale.

... in the short term perspective, stability of economic and financial markets has to be restored and maintained..

The text states that new sources of growth are needed to replace the jobs lost in the crisis. It is perhaps not only the loss of jobs that forces member states to find new sources of growth. There is a need to shift from clearly unsustainable and short-term sources to sustainable ones. This is also forced by the increasingly ambitious (and unavoidable) targets that EU countries are to fulfil if we are to slow down processes like global warming or further loss of biodiversity.

Collective action to save the financial system and to boost demand and confidence through public intervention has helped to prevent an economic meltdown. However, the crisis has weakened our resilience. The EU now needs to make a stronger effort to work together to make a successful exit from the crisis and to shape the next generation of public policies in a very different set of circumstances.

The exit from the crisis should be the point of entry into a new sustainable social market economy, a smarter, greener economy (that operates within clearly defined environmental limits), where our prosperity will come from innovation and from using resources better, and where the key input will be knowledge. These new drivers should help us tap into new sources of sustainable growth and create new jobs to offset the higher level of unemployment our societies are likely to face in the coming years. However, we will only succeed if we design and implement a bold policy response. Otherwise the risk is a period of low growth which can only make it harder for Europe to tackle the major challenges we face today.

Delivering this sustainable growth requires agreement to an agenda that puts people and responsibility first. The efforts of a decade which resulted in a reduction of unemployment from 12% to 7% in the EU risk being undone by the crisis. We need new sources of growth to replace the jobs lost in the crisis.

Employment has to be considered as meaningful and rewarding. A more adaptable, flexible and inclusive employment structure will be necessary into the future, considering and acknowledging those that work within society on a voluntary or unproductively (within conventional economic definitions) i.e. part-time work, flexible work, carers, volunteering etc

This new approach needs to take advantage of a world of globalisation and interdependence which the crisis has underlined still further. The EU needs to work both at home and in international fora like the G20 to seize the new opportunities essential to reach our 2020 objectives.

EU 2020 is being designed as the successor to the current Lisbon Strategy, which has been the EU's reform strategy for the last decade and has helped the EU to weather the storm of the recent crisis. [In other areas the Lisbon Strategy was not sufficient, as many objectives/targets that have not been met.](#)

EU 2020 builds on its achievements as a partnership for growth and job creation, and renewing it to meet new challenges. It also draws on the benefits that have flowed from the coordinated response to the crisis in the European Economic Recovery Plan. The Commission considers that EU 2020 should focus on key policy areas where collaboration between EU and Member States can deliver the best results, and on improved delivery through better use of the instruments at hand.

The purpose of this consultation paper is to seek the views of the other Institutions and stakeholders on a new approach. [The Commission intends to adopt a formal Communication addressed to the Spring European Council early in 2010.](#) The successful delivery of the 2020 vision relies on a partnership for progress, combining Member States' commitment to take action at national level, and the harnessing of Community instruments to make the most of the potential at EU level. In its Communication, the Commission will therefore set out both the action it considers needs to be taken at national level, and the detailed proposals for action that it will propose at Community level.

[This proposal, covering the challenges for jobs, competitiveness, and a sustainable economic growth is the first of key strategies that will shape the future EU 2020 policy.](#)

[Sustainability with respect to its economic, social and environmental objectives should be the basis of all EU sectoral and MS policies. Economic and social objectives have to be set to operate within well defined and accepted environmental limits.](#)

As mentioned in the December 2009 European Council Conclusion, the [Sustainable Development Strategy](#) will continue to provide a long-term vision and constitute the overarching policy framework for all EU policies and strategies.

Apart from greening our economy, growing demands for energy, natural (and industrial) resources, food and feed, among others, will shape the future policies on a global scale. Cross-cutting issues such as climate change, public health, environment, social and cultural diversity, among others, will have to be dealt with accordingly.

Promoting Green Economy is to measure the carbon impacts of individual programs/strategies and map the potential of the intervention envisaged for economic growth and job creation. Every member state should collect data about the amount of carbon emitted by the intervention, evaluate the economic and environmental performance of regions and describe the relation between the economic and ecological development of European Regions, using shared and common tools (RAMEA, NAMEA, NECATER).

Community spending should be aimed at the realization of added value with respect to cross-cutting priorities. Harmful subsidies, double spending or internal distortion of competitiveness have to be avoided. At a strategic level, all policies, plans and strategies should be assessed to ensure that they do not drive perverse behaviour with regards to the management and mobilization of finite resource. Policy reform needs to take place where the 'system' drives adverse or environmentally damaging behaviour.

Financial sustainability will require cuts in public spending programmes. Cuts have to be balanced and reflect the EU 2020 goals. Public investments and subsidies often violate environmental or climate change community goals. Cuts in the public spending should be targeted primarily to these perverse subsidies

Recognising constraints and facing new challenges

A successful EU 2020 strategy must be built on a good analysis of the constraints facing policy makers in the coming years, and on the correct identification of the challenges to be tackled.

The financial and economic crisis has taken a heavy toll on public finances, businesses, employment and households. At all levels, public policy makers will have to find ways of triggering economic dynamism with limited budgetary margin for manoeuvre. As public sector deficits are brought back under control, public expenditure needs to be reshaped in ways that enable us to reach the 2020 vision. Cutting spending in forward-looking areas such as education and research would make this more difficult to achieve.

In developing a new vision and direction for EU policy, we need to recognise that conserving energy, natural resources and raw materials, using them more efficiently, energy efficiency and reduction of energy consumption, as well as sustainable increase of increasing productivity will be the key drivers of the future competitiveness of our industry and our economies. As mentioned above resource efficiency is not likely to be sufficient we need to contract our resource use to operate within environmental limits.

We also need to recognise the challenge presented by European demography: even prior to the crisis, the change in our demography, with a lower proportion of young people in the overall population, was expected to result in a substantially reduced potential growth by 2020.

The crisis has exacerbated the long-term social challenges Europe faces today, such as the integration of an increasing immigrant population, social exclusion and child poverty, and solidarity between generations in the context of an ageing society. In order to meet these challenges, employment rates of both men and women will have to rise rapidly and social protection systems will have to be modernised so that they provide an affordable response to the future needs of our society.

This implies that new policies must demonstrably contribute to social cohesion, tackling unemployment and fostering social inclusion while securing well performing labour markets. This requires rethinking education systems and labour markets, enhancing mobility and boosting Europe's dynamism to unleash our innovative and creative potential. Improved social cohesion will give communities and individuals the opportunity to be more resilient and adaptive (in terms of skills and experience) to face challenges within their local economies. Local communities must be empowered to act and control their own destinies.

The challenge of becoming a smarter, greener economy will require increased policy coordination to make the economy more competitive. Our social, economic and environmental objectives must go hand in hand if we are to deliver on our thematic priorities for 2020. In this paper, the Commission is seeking views on how the EU can set its priorities in a ten year horizon that will allow the EU and national levels to work together to move beyond the current crisis and to mobilise new sources of growth, ensuring social and territorial cohesion, in line with the basic principles of the new Lisbon Treaty.

Key priorities for EU 2020

To achieve a sustainable social market economy, a smarter and greener economy, Europe needs to promote key, agreed priorities and to work on delivering them over several years. No

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single Member State can successfully address these challenges alone. Nor is EU policy simply the addition of 27 national policies. By acting together on a common vision, we can make the whole more than the sum of its parts. This is an agenda for all Member States, large and small, old and new, highly developed and still developing: the enlarged EU consists of different levels of development and therefore different needs. But the EU 2020 vision is relevant to all of them and can be adapted to different starting points and different national specificities so as to promote growth for all.

The Cohesion Policy shall continue to be one of the pillars for the implementation of the EU 2020 Strategy. In this context, EU 2020 Strategy should highlight the role that Cohesion Policy can play for sustainable development. Coordination between sectoral and territorial policies is crucial. It might be useful to reinforce the role of macroeconomic regions and cross-border cooperation and coordination. Transnational/cross-border programmes should concentrate even more in supporting core EU-priorities.

Huge opportunities exist for people and for businesses if they are equipped to take them – but there will also have to be some losers. Recent ‘bail outs’ of a failing motor industry reflect this.. The Commission's aim is for Europe to lead, compete and prosper as a knowledge-based, connected, greener and more inclusive economy, growing fast and sustainably, creating high levels of employment and social progress. To achieve this, Europe needs a strengthened, adaptive, resilient and competitive industrial base, a modern service sector and a thriving agriculture, rural economy, and maritime sector. As ‘first mover’ in building this society of the future, Europe can derive important benefits by developing competitive, innovative products, rolling out the infrastructures of the future, entering new markets and creating new, high-quality jobs.

But the benefits go much wider. A Europe that is open to the world will continue to be a model for others to follow, projecting its values and fostering stronger labour, environmental, and safety standards around the globe. In this way, the EU can show global leadership in demonstrating that – with the right policy framework in place and making full use of the new actors and structures offered by the Lisbon Treaty – it is possible to combine the openness needed to ensure ongoing economic dynamism with respect for the social and environmental concerns of our citizens.

The document addresses external aspects and formulates the intention that the EU becomes a model for other countries/communities of the world. To make this intention really authentic, the fact that European consumption and growth is often the driver of unsustainable growth elsewhere, should be also addressed. Finding methods to avoid this makes the European model even stronger.

The Commission considers that the key drivers of EU 2020 should be thematic, focused on the following priorities:

(1) Creating value by basing growth on knowledge is there a role also for more skills sharing,/ diversification and systems thinking – accumulating knowledge and information may only get us so far we also have to consider new ways of thinking too!. Opportunity and social cohesion will be enhanced in a world where innovation makes the difference in both products and processes, harnessing the potential of education, research and of the digital economy;

(2) Empowering people in inclusive societies. The acquisition of new skills, fostering creativity and innovation, the development of entrepreneurship and a smooth transition between jobs will be crucial in a world which will offer more jobs in exchange for greater adaptability;

(3) Creating a competitive, connected and economy that operates within environmental limits. The EU should compete more effectively and increase its productivity by a lower and more efficient consumption of non-renewable energy and resources in a world of high energy and resources prices, **a further and rapid shift towards renewable and carbon-free clean energy** and a greater competition for energy and resources. As mentioned earlier it is unlikely, or as yet there is no evidence to suggest we can increase **productivity** endlessly through improved efficiency. We need to maintain ‘productivity’ and deliver actual reductions in resource consumption. **More effort is needed for developing and deploying new, safe and sustainable low-carbon and other clean technologies, and associated industries and services, including, inter alia, clean coal technologies, and renewable energy (and promoting world-wide carbon emission pricing) in order to provide incentives for markets to invest in cleaner technologies.** This will stimulate growth and help meet our environmental goals. It will benefit all sectors of the economy, from traditional manufacturing to new hi-tech start ups. Upgrading and inter-connecting infrastructure, reducing administrative burden and accelerating the market uptake of innovations will equally contribute to this goal.

These priorities will guide EU policy making inside the EU and externally. The promotion of international co-operation and multilateral governance, including efficient, fair and rules based international trade and finance systems, will be an integral part of EU 2020. The Commission is seeking views on the following priorities which it considers to be the key drivers of EU 2020.

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1. Creating value by basing growth on knowledge

Knowledge is the engine for sustainable growth. In a fast-changing world, what makes the difference is **education and research, innovation and creativity.**

Strengthening **and streamlining** education is one of the most effective ways of **promoting common European values and** fighting inequality and poverty **but also changing consumption and social attitudes.** The high number of low achievers in basic skills (reading, mathematics and science) social indifference needs to be addressed urgently to enhance the employability **and involvement** of young people and to bring them into the

world of **value creation** work after school. Preventing early school leaving reduces future exclusion from the labour market and the threat of future social exclusion. **Spreading out common messages over the Union and integrating consensual learning as a part of education curricula is a challenge that together with the new more sustainable consumption and environmental consciousness will affect entire generation.** A greater emphasis on vulnerable groups, gender equality and social cohesion is needed to ensure that no one is excluded from knowledge.

Europe has some of the best universities in the world. But our ambition should be to have many more and turn them into a true engine for knowledge and **sustainable economic** growth. This will not only require investment but also reforms and where necessary consolidation, closer co-operation, including with business, and a more open attitude to change. To assist in this process of change, European universities should be benchmarked against the best universities in the world. Raising the quality of Europe's universities and of their research should go hand in hand with greater mobility of students to acquire new knowledge and languages, gaining experience living and studying abroad and building networks. A new phase in the existing programmes Erasmus, Leonardo and Erasmus Mundus should be considered, complemented by national initiatives, giving all young people in Europe the possibility to spend part of their educational pathway in other Member States.

An efficient, effective and well-resourced European **Research** Area is an indispensable part of the EU 2020 vision. The EU needs to increase its research efforts by pooling resources, jointly developing major research infrastructures across the EU and raising research quality to world leading standards. It also needs to maximise and accelerate the practical benefits of research for Europe's businesses and SMEs - including through major public-private partnerships. The attractiveness and performance of Europe as a research location also depends on creating an internal market and attractive career prospects for researchers. The way forward is a research partnership between the EU and Member States which maximises synergy with other policy areas especially innovation and education. The EU needs to provide more attractive framework conditions for innovation and creativity, including through incentives for the growth of knowledge-based firms.

Access to credit is a particular problem, not only in the aftermath of the crisis but because some new sources of growth such as the creative industries need new types of financing adapted to their business models. Innovative firms should be able to have access to pooled public and private sources of growth capital, for example venture capital; this needs to be coupled with administrative simplification and technical support to promote the incubation and growth of small innovative firms.

A well-functioning system of intellectual property rights, which allows for efficient and cost-effective protection, enables innovative business start-ups, provides authors with a transparent management of their rights, and helps universities and research institutions to raise capital through the commercialisation of their ideas and inventions is needed to develop the creativity, knowledge and research capacity in Europe.

Building on its strengths in technology and knowledge, Europe should tap fully the potential of the **digital economy** (and manage its growing environmental impacts accordingly i.e. emissions to rival the aviation sector by 2020). The digital economy offers great opportunities for SMEs, both in the production and services sectors, in their own right and as suppliers to larger companies. New innovative start-ups generate new, often high value jobs right across the EU. They can play an important role in regional development. That is why an ambitious European Digital Agenda that takes concrete steps towards the completion of an Online Single Market will be a key element in Europe's sustainable economic recovery and social development. The productivity gains involved will stimulate innovation and creativity; make government services easier and more efficient to deliver, and increase the opportunities for participation and democratic expression. Internet access is becoming necessary for citizens to play a full part in daily life. Europe needs effective policies on digital inclusion and skills, and to encourage active participation and expression over the net.

The aim for 2020 is to achieve a genuine European Knowledge Area, underpinned by a world-class knowledge infrastructure, in which all actors (students, teachers, researchers, education and research institutions and enterprises) benefit from the free circulation of people, knowledge and technology (the 5th freedom).

2. Empowering people in inclusive, resilient and diverse societies

In the post-crisis economy, many of the jobs that have been destroyed will not be replaced. The transformation of the EU into a smarter, greener, more competitive economy will boost new job creation and respond to high levels of unemployment. But while this transition takes place, major efforts will be essential to prevent people falling out of the system, being excluded, and to ensure social cohesion. In fact, new patterns are emerging where there are several entries in and exits from the labour market during a working life, instead of the traditional sequence (education, work, and retirement), offering more opportunities to

people.

This requires a framework to organise these transitions and support them, possibly building on some of the measures adopted during the crisis (e.g. short time work combined with training).

New jobs requiring new skills will be created. Transition between jobs, between training and jobs will have to be managed. This is where **flexicurity** should be deployed to the full. The challenge is to find the best way to enhance on the one hand, the flexibility of labour markets both on work organisation and on labour relations, and on the other hand, the security provided by lifelong learning and appropriate social protection. Life long learning needs to be much more accessible and universities should be more open to non-typical learners.

Skills are the key element for Europe's economic and productivity growth and for job creation. Life long learning is the key element to ensure good transition between jobs and occupations, and in avoiding long-term unemployment leading to loss of human capital. The digital economy also offers new opportunities for distance learning as part of a lifelong approach to learning and for forms of communication that are changing the world of work, shrinking distances and making long distance work a real possibility in an increasing number of jobs.

Ensuring that our workers have the skills to contribute to the knowledge-based economy is a necessary, but not sufficient condition. Supply and demand need to be matched better. Labour mobility must be promoted to ensure that people can take up new opportunities by moving to where their skills are most needed. We should look ahead and match future skills better to future needs, particularly for new types of jobs such as "green" jobs and other growth areas, such as in the health sector. Finally, despite its substantial contribution to growth, the potential of migration (and impacts of climate migration into the future) is not fully factored into policy making at EU or national level.

Employment rates of immigrants can be improved, particularly for specific categories such as immigrants with low levels of education, women and those recently arrived.

Having a job is probably the best safeguard against **poverty and exclusion**. But alone it does not secure a reduction in poverty levels or social inclusion. Modern social security and pension systems, adapted to the crisis and to the ageing of the European population, will be needed to provide an adequate level of income support and coverage to those temporarily out of work. Tackling inefficient labour market segmentation is also one way of enhancing social justice.

In order to create more jobs, a more entrepreneurial culture needs to take hold in Europe, with a more positive attitude towards risk-taking and a capacity to innovate. **Self-employment** should become a real option for those who may have recently lost their job. But this will require removing disincentives, such as the unequal treatment of the self-employed under most social security systems and disincentives to move to other Member States because of lack of portability of social and pension rights.

The aim for 2020 is more jobs, meaningful jobs, higher employment rates of the working age population, better jobs, with higher quality and increased productivity, and fairness, security and opportunities, through a real chance for everyone to enter in the labour market, create new companies, and manage labour market transitions through modern and [financially sustainable sound social and welfare systems, acknowledging and legitimising the importance of the 'third sector' in terms of 'employment' and productive economic activity.](#)

3. Creating a competitive, connected and economy that operates within clearly defined environmental limits

Europe needs to remain competitive in the future world of relatively high energy prices, carbon constraints and significantly greater resource competition. More efficient, and reductions in the, use of resources, including energy, and the application of new, greener technologies will stimulate growth, create new jobs and services and help the EU both to maintain a strong manufacturing base and a vibrant services sector and to meet its environmental and climate goals . Securing well functioning product, services and labour markets are a pre-condition for success.

Greening the economy is not only about the creation of new industries. It is just as important to accelerate the modernisation of Europe's existing industrial sectors, many of which will already be restructuring in the wake of the crisis. Achieving these objectives will be essential if the EU is to compete in a world where all countries will be looking for solutions to these challenges.

This means reducing and using the material inputs in the economy more efficiently, becoming more productive by reducing pressure on resources. This means shifting our economy, through targeted regulation (e.g. promoting energy-efficient products and systems), through emission trading, tax reform, through grants, subsidies and loans, through public investment and procurement policies, and through

targeting our research and innovation budgets to this end.

Upgrading and inter-connecting infrastructures and ensuring effective competition of network industries in the single market is key, to improve competitiveness and at the same time deliver tangible benefits for consumers. It is crucial that Europe invests in [sustainable reliable](#) high-speed networks. Europe needs 100% broadband coverage as soon as possible, and needs to achieve the roll-out of high speed internet through a massive programme of investment fibre networks and wireless broadband.

Together with the roll-out of high speed internet, the development of smart, upgraded **transport and energy** infrastructures contributes to multiple objectives including decarbonisation, transport safety, energy security, and the competitiveness of our network economy. [We also have to manage the social costs of increasing personal mobility \(severance of communities, road traffic deaths etc\) and the loss of productive and biodiverse land to infrastructure schemes.](#)

A rethink of transport policy will be needed in order to achieve such a comprehensive shift.

Better integration of transport networks, developing alternatives to road transport [and making existing means of environmentally friendly non-road transport more competitive](#), promoting clean technologies, and upgrading infrastructure will be essential elements. Big European projects such as Galileo, GMES, and smart road, rail (ERTMS), and air traffic management (SESAR) will play a key role in the integration of transport networks.

By 2030 the EU will have to replace half of its existing electricity plants. If we take the right strategic investment decisions now, two third of our electricity generation could be both low carbon and more secure by the early 2020s. In this context, the development of a European electricity super-grid will enable a considerable increase in the share of renewable electricity and decentralised generation. We also need to deliver local sustainability and resilience off-grid and include heat production too – not just electric. Improving energy efficiency will also be vital as it is the cheapest way to reduce emissions and, at the same time, to increase the energy independence of Europe.

Because of its important contribution to growth and jobs creation, and to the development of innovation, a fresh approach to **industrial policy** is necessary to support industry by putting the emphasis on sustainability, innovation and the human skills needed to keep the EU industry competitive in world markets. Stable and foreseeable framework conditions should help industry tackle the competitive challenges of the future. In the aftermath of the crisis, firms in several sectors will need to tackle structural excess capacities and the EU will need to facilitate restructuring in a socially acceptable way whilst maintaining a level playing field.

This calls for an integrated industrial policy that promotes competitive market mechanisms and develops new sources of sustainable growth with an emphasis on innovation capacity, eco-innovation, new enabling technologies and skills. This transformation will also provide an opportunity to improve the regulatory environment, increase territorial cohesion and promote better conditions for entrepreneurship, foster the development of SMEs and support their growth potential and internationalisation.

In a period of industrial restructuring, state aid policy will play a key role in supporting the transition to a smarter, greener economy. The state aid rules have been overhauled in recent years. European companies have increased productivity and reaped economies of scale by taking up the opportunities offered by the Single Market – now that adjustment is needed in some sectors the Commission will be attentive to ensuring that the Single Market continues to be the basis of EU growth and to combating the risk of national retrenchment.

The aim for 2020 is to meet our agreed objectives on climate change and energy, strengthen our industrial base, fully unlock the potential of SMEs, and respond to the needs of the future, by raising productivity and reducing pressure on resources.

[Greater efforts will be needed in order to encourage the use of environmental technologies and eco-innovations to fight climate change and its adverse effects. In doing so, the EU will seek the consolidation of a knowledge based economy by means of strengthening R&D and innovation.](#)

Making it happen: starting with a successful exit from the crisis

The first task for the EU is obviously to make a successful exit from the crisis, promoting overall exit strategies designed to secure balanced and sustainable growth and sound fiscal policies. The recession and financial strains have had a bigger impact on those countries which were already suffering from major imbalances or policy weaknesses at the onset of the

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crisis. This diverse situation calls for a differentiated response, raising co-ordination issues.

The spill-over effects of the different responses across countries and policy areas call for effective coordination in the EU. In particular, a level playing field needs to be preserved in the financial and business sectors, and macroeconomic spill-over effects should be considered in the EU coordinated exit strategy.

Financial resources have come under pressure as a result of the crisis. The remaining problems in the financial system therefore need to be solved swiftly in order to support the recovery. Access to credit and efficient financial market supervision will be crucial for the recovery and the transition to the value economy will depend on the availability of capital to finance innovation. New priorities need to be reflected in budgetary policies.

The key challenge is how to balance the continued need for fiscal support to demand in the short run with the need to [restore sustainable healthy public finances and macroeconomic stability](#).

There is a risk that the recovery will be slow, and will not generate sufficient employment growth to bring down high unemployment levels.

Making it happen: Harnessing existing instruments in a new approach

To make a successful exit from the crisis and deliver our EU 2020 objectives, the Commission considers that we need a strategy for convergence and integration which recognises more explicitly the advanced interdependence of the EU:

- Interdependence between Member States in the form of (positive or negative) spill-over effects of national actions, particularly in the Euro-zone;
- Interdependence between different levels of government (EU, Member States, regions, social partners - multi-layer governance);
- Interdependence between different policies, between policies and instruments and the importance of policy integration to deliver the overall objectives;
- Interdependence at global level – none of our Member States is large enough to keep pace with the emerging economies or to undertake this transformation alone.

The challenge of becoming a sustainable social market economy, i.e. an inclusive, smarter, greener economy, will require increased policy co-ordination, better synergies through effective subsidiarity, and strengthened partnership between the EU and Member States in the design and delivery of public policies. The integration of different policy instruments is necessary, linking institutional reforms, better regulation, new initiatives and public investment.

Fully exploiting the single market

The framework of the single market gives us the size and the scale necessary to achieve these objectives. It is the central tool which ensures that citizens reap real benefits from increased competition and that companies operate on a level playing field – provided that the rules of the single market are correctly implemented, including in sectoral policies. But the EU is still not tapping all the benefits of its single market, conceived more than twenty years ago: obstacles to cross-border activity remain, which in turn reduce consumer choice, price competition and potential productivity. To gear the single market to serve the EU 2020 goals, the EU needs well functioning markets where competition and consumer access stimulate growth and innovation. Empowering people also means making markets work for people.

Citizens must be empowered to play a full part in the single market. This requires strengthening their ability and confidence to buy goods and services cross-border, in particular on-line.

The single market has evolved considerably since its original launch. It was conceived before the arrival of Internet, before ICT became the one of the main drivers of growth and before services became such a dominant part of the European economy. The emergence of new services (e.g. on line services, such as e-health) shows huge potential. The Commission considers that to achieve the EU 2020 priorities, there is a pressing need to overcome the fragmentation that currently blocks the flow of on-line content and access for consumers and companies, and that the single market should be updated to respond to the demands of tomorrow's economy.

Setting EU 2020 in a global context

This new agenda is set in the context of globalisation which will remain one of the main drivers for European dynamism in the next decade. The EU is not alone in recognising the opportunities of a smart and green economy for enhanced competitiveness and prosperity; other countries have identified similar priorities and are investing massively in green technologies, ICT and smart grids. To stay ahead, the EU needs to be quick in seizing opportunities and in anticipating and adapting to future trends. The crisis has underlined the extent of interdependence in the European and global economies. To reach our objectives for 2020, we must act decisively in the G20 and international forums to promote the principles underlying the sustainable social market economy in the global context.

International trade is one of the motors of growth, employment and investment in the EU. We should act both under the WTO and via bilateral cooperation to ensure that barriers to international flows of trade and investment are reduced, and to promote open and rules-based global trade. We should also deepen our

economic and political relations with key strategic partners, placing particular emphasis on market access, access to energy and raw materials, and progress on environmental and social objectives.

Supporting growth through full use of the Stability and Growth Pact

The Stability and Growth Pact, in conjunction with other multilateral surveillance instruments, will play an important role in guiding budgetary policies to achieve fiscal consolidation and at the same time delivering the budgetary means to achieve sustainable growth and jobs. While consolidating public finances, Member States will need to redirect public expenditure towards the thematic objectives of EU 2020 so that the necessary investments in Europe's future can be made. At a time of important fiscal constraints, it is all the more important to invest scarce resources in sustainable growth. Investments and structural reforms designed to deliver a smarter, connected and greener economy will generate more revenues and will ease the consolidation of public finances. At the same time, achieving a major transformation cannot be done without investment in people and productive capacity. To develop the potential of the economy, structural reforms should be fully implemented to create new sources of growth. A reinforced structural reform agenda based on measures that raise potential growth and enhance productivity will also benefit from coordination at EU level, in design and implementation, not least to fully exploit the functioning of the single market.

Even in a time of necessary fiscal consolidation, the Stability and Growth Pact allows room for investing in the future. This includes prioritising investments in R&D and new technologies, in innovation, in high-quality education and skills development, and in 'smart' networks; this means combining investments with modernising existing structures, including enhancing the efficiency of public administration and by regulatory reform.

Reflecting political priorities in our public budgets

Once agreed, these new priorities need to be reflected in budgetary policies. The Commission intends to take them up in the budget review it will publish next year and in its proposals for the next multi-annual financial framework. Similarly, Member States should also review their public expenditures to improve quality and efficiency and, despite important fiscal constraints, find room to invest in sustainable growth. At the same time, new financing models (such as PPPs, leveraging EU or EIB funding) also need to be explored to pool resources between the public and the private sectors and maximise impacts.

Establishing clear governance to make the new strategy effective.

The strategy will be pursued through a partnership approach to deliver a limited set of key objectives. Only through partnership can its specific actions and objectives be achieved since action is essential at the EU, national and regional levels, and the interplay between these levels which will allow the strategy to deliver its full potential. On the Council side, the focal point of the future strategy should be the European Council since it is the body which ensures the integration of policies, and manages the interdependence between Member States and the EU. Drawing on the new provisions of the Lisbon Treaty, it should therefore steer the strategy, making the key decisions and setting the objectives. Council formations like the ECOFIN Council as well as the relevant thematic Councils would then implement these decisions in an integrated way, each acting within its area of competence to deliver on the longer term goals of the EU 2020 vision.

The Commission would like to see the European Parliament play a significantly greater role in the new governance structure. Beyond its traditional role on the employment and integrated guidelines, Parliament could be encouraged to express views on the EU 2020 strategy before the Spring European Council.

The EU 2020 vision will need the active support of stakeholders such as the social partners and civil society. Its take up across all the regions of the EU will also be crucial to its success and the Commission would like to see national parliaments taking a particular interest in this new strategy as it is developed.

The Spring European Council in 2010 should set the strategy on its course for the next 5 years on the basis of a Commission proposal to be tabled in early 2010. The European Council should fix a small number of headline objectives, and define the corresponding policy actions to be pursued at EU and Member State level in partnership. The European Council's conclusions, with the corresponding orientations for EU and Member States policies, would thus become anchor for the integrated guidelines provided for under the Treaty.

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For each of these objectives, Member States would be invited to set national objectives for 5 years corresponding to their different situations and their starting points. The Commission and the European Council will monitor progress every year in Member States and at EU level.