



PORTUGUESE PARLIAMENT

EUROPEAN AFFAIRS COMMITTEE

COM (2014) 130

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT,
THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS – Taking stock of the Europe 2020 strategy for
smart, sustainable and inclusive growth.**



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PART I – INTRODUCTORY NOTE

In accordance with Article 7 of Law No 43/2006 of 25 August 2006, which governs the monitoring, assessment and pronouncements of the Parliament on the process of building the European Union, with the amendments introduced by Law No 21/2012 of 17 May 2012, as well as the methodology for examining European initiatives, approved on 8 January 2013, the European Affairs Committee received the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth.

Keeping in mind the initiative's respective subject it was sent to the Committees for the Budget, Finance and the Public Administration, Economy and Public Works and Education, Science and Culture. These committees analysed said initiative and approved the Reports, which are annexed herein, which are an integral part of the opinion.

PART II – RECITALS

The Europe 2020 strategy corresponds to a European Union plan for the period 2010-2020 aimed at promoting sustainable growth. This strategy was launched with a view to combating the crisis as well as to review the model for growth so as to achieve a different type of growth, more in tune with current realities, and its respective measures, i.e. to promote smarter, more sustainable and inclusive growth.

This strategy is part of a set of joint activities between the EU and Member States, in the areas of innovation, the digital economy, employment, industrial policy, poverty and an efficient use of resources.

The implementation of this new model for growth is anchored in five main objectives (to be achieved by 2020) in the areas of employment, education, research and innovation, social inclusion and poverty reduction and climate and energy, which



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can be summarised in the following manner: the objectives are as follows: **i) to ensure a 75% employment rate for individuals aged between 20 and 64 years; ii) to invest 3% of the European Union's GDP in research and development; iii) to reduce greenhouse gas emissions by 20% (or even by 30%) in comparison to the levels recorded in 1990; to satisfy 20% of energy needs from renewable energy sources and increase energy efficiency by 20%; iv) to reduce school drop-out rates by at least 10% and ensure that at least 40% of people aged between 30 and 34 years conclude tertiary education; v) reducing the number of people at risk of poverty or social exclusion by 20 million.**

It should be kept in mind that the Europe 2020 strategy was launched against the backdrop of the global economic and financial crisis, a situation that clearly revealed the structural weakness of the European economy and its policies. In this context, the main objective was to find solutions to enable a sustainable exit from the crisis by means of measures capable of increasing competitiveness, maintaining the social market economy model and improving resource efficiency and environmental protection, with a medium-term perspective.

This communication takes stock of the objectives delineated as part of the Europe 2020 strategy and compares them with the results achieved. This document shall analyse each of the objectives, taking note of: the progress achieved up to 2014 and the likely scenarios by 2020; and the results achieved at the level of the Member States and their national objectives up to 2020. Thus, this document shall report on each of the objectives, as below:

1. The objective for employment – Employment rate of 75% for the population aged between 20 and 64 years by 2020

EU employment has stagnated in recent years and continues below the objectives of the Europe 2020 Strategy. It can be noted that between 2000 and 2008 the employment rate had a positive trend, reaching 70.3%. It is currently situated at 68.4%, which means that it is 6.6% below the objective of 75%.



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In terms of analysing the situation in each Member State, it is important to note that the 'majority of Member States are far from achieving the objective delineated as part of the Europe 2020 strategy'. The good performance recorded in Germany and Austria is worthy of note. These two nations had the highest employment rates and consistent growth since 2000. The opposite is the case in Greece, Spain, Croatia, Romania, Ireland and Portugal, which have extremely high levels of unemployment. It is clearly evident that the differences in the performances of diverse Member States are increasing and that regional disparities continue to exist in Member States in southern Europe.

If the current situation continues, the target of achieving a 75% employment rate for the population aged between 20 and 64 years in 2020 will be seriously undermined. It is predicted that the employment rate will be around 71.8% in 2020. This means that it will be necessary for the EU to create 16 million jobs in order to achieve the objective. However, despite this, it seems possible to achieve the goal established for 2020. To this end it is essential to make substantial progress in terms of the implementation of measures promoting growth and thus creating employment.

2. Objective for Research and Development – To invest 3% of the EU's GDP in R&D

Expenditure on Research and Development (R&D) in the EU has increased slightly in recent years, continuing, however, to remain below the 3% target for 2020. The EU's gross domestic expenditure on R&D in terms of GDP percentage rose to 2.01% in 2009 and from then onwards has seen very anaemic growth. In 2012, the EU's gross domestic expenditure on R&D as a percentage of GDP was still 1% below the target of 3%, which means that the EU is at a significantly lower level in this regard than the United States of America.

Notwithstanding the crisis, in order to change this situation it is essential to promote public funding for R&D and foment private investment, namely by means of favourable conditions for funding and tax incentives. In this regard, when compared to international rivals, Europe's poor results in the area of R&D investment are due to low levels of private investment.



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Analysing the situation in each Member State, it can be seen that the 'ambitions and progress to achieve the Europe 2020 objectives diverge in different Member States'. Consequently, Finland and Sweden, which already have the highest levels of R&D within the EU, have stipulated the highest targets for 2020: 4% of GDP invested in R&D. At the other end of the spectrum are Greece and Cyprus, with the lowest EU targets. Portugal, Romania, Malta and Lithuania are also far from achieving their objectives, currently at levels at least 1% below the target.

In this area, there is also a clear division in regional terms between countries from the north and south of the EU. Northern nations have substantially higher levels of investment in R&D than those recorded in southern members. Thus, if the current levels of investment in R&D continue it is quite unlikely that the objective of the Europe 2020 strategy will be achieved within the stipulated time frame. It is therefore essential to urgently implement structural changes to promote an economy based on knowledge, research and innovation, as well as to simultaneously create conditions to eliminate the regional asymmetries seen in terms of levels of R&D.

3. Objective for Climate and Energy:

1) Reducing greenhouse gas emissions by at least 20% as compared to the levels recorded in 1990

As a result of a notable reduction in greenhouse gas emissions, the EU is close to attaining the Europe 2020 objective of achieving a 20% reduction as compared to 1990 levels. It is expected that if the current trends continue, the Climate 2020 objective will be fully achieved;

2) Satisfying 20% of energy needs from renewable sources of energy

There has been a constant increase in the use of renewable energy in the European Union since 2000 and, if this trend continues, the EU will be able to achieve the Europe 2020 target of increasing the percentage of renewable energy in final energy consumption to 20%. Analysing the situation of the different Member States, it can be noted that, in general, the use of renewable energy sources has increased in Member States since 2005. However, despite the overall progress it is necessary to



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promote efforts in the majority of Member States. Countries such as Malta, Luxembourg, Belgium, United Kingdom, the Netherlands and France have shown little progress since 2005;

3) Increase energy efficiency by 20%

‘Some progress has been made in terms of energy efficiency, which, however, needs to be consolidated in coming years to achieve the Europe 2020 objective’.

4. Objective for Education:

1) Reducing school drop-out rates to below 10%

There has been a reduction in early school leaving rates both in educational as well as vocational courses. Concerns persist despite this positive evolution, as this is not considered to be entirely sustainable, above all due to the effects of the crisis, which has worsened conditions and employment prospects. In turn, this has encouraged longer trajectories in educational as well as training systems. ‘Sustained – if not increased – efforts are necessary by the EU and its Member States in order to achieve the objective established for 2020 in this area’.

In terms of progress in the various Member States, different levels of ambition can be seen concerning reducing early school leaving rates. In 2012, Denmark, Slovenia, Czech Republic, Sweden, Luxembourg, Austria, Latvia, Lithuania and Slovakia had already achieved the respective objectives while other Member States such as Portugal, Spain, Malta and Romania continued to be far from achieving the desired targets.

In regional terms too, this area has seen asymmetry between the northern and southern regions of the EU. It can be seen that ‘early school leaving rates in educational and vocational systems tend to be higher in southern European nations’. It has been forecast that by 2020, ‘it is likely that most Member States will have achieved their objectives, with the exception of Spain, Portugal and Romania’.



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2) Increasing the share of the population between 30 and 34 years old completing tertiary education to at least 40%

Positive progress has been achieved in this area, which should be continued. There has been an improvement in the percentage of individuals concluding tertiary education, although the goals set by some Member States are less ambitious than others, as is the case, for example, in Italy and Ireland, where the national targets vary between 27% and 60%, respectively. Regional imbalances are also evident in this sector. Once again, it can be seen that 'northern Europe has the highest levels of individuals concluding tertiary education'. Despite the progress achieved, it is necessary to persist in promoting efforts in this area in order to achieve the targets set for 2020. Such efforts need to be reinforced in countries such as Portugal, Malta and Slovakia, which are otherwise unlikely to achieve the targets.

5. Objective for Poverty and Social Exclusion – Lifting at least 20 million people out of the risk of poverty and social exclusion

The effects of the crisis have had an extremely harsh social impact. Poverty and social exclusion affected more than 124 million people in 2012. The data reveals that since 2009, more than 10 million European citizens have dramatically swelled the ranks of the poor and excluded. The policies implemented to solve the crisis have proved to be incapable of either curbing this grave problem or combating it. If current policy options continue to be implemented, it is believed that 'it is unlikely that the EU goal of reducing the number of people at risk of poverty or social exclusion to 96.4 million by 2020 will be achieved and this indicator could remain close to 100 million'.

In terms of progress achieved by the different Member States in this field, it is important to note that disparities are increasing. This crisis has revealed new aspects, one of which is the 'need for effective systems for social protection'.

Last but not least, the reports presented by the competent committees accurately reflect the contents of the initiative and have hence been reproduced in their entirety, so as to avoid a repetition of the analysis.



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PART III - OPINION

Considering the above as well as the Report by the competent committee, the European Affairs Committee is of the view that:

1. Assessing compliance with the principle of subsidiarity is not applicable to this initiative;
2. With reference to the initiative being analysed, the scrutiny process is concluded.

S. Bento Palace, 14 July 2014

The Member of Parliament Author of the Opinion The Committee President

[signature]

(Jacinto Serrão)

[signature]

(Paulo Mota Pinto)



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PART IV – ANNEX

Report of the Committee for the Budget, Finance and Public Administration

Report of the Committee for the Economy and Public Works.

Report of the Committee for Education, Science and Culture

Report

COMMUNICATION FROM THE
COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE
EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE
OF THE REGIONS - COM(2014)130

Author: Member of Parliament

Pedro Filipe Soares

Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth



Committee for the Budget, Finance and Public Administration

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Committee for the Budget, Finance and Public Administration

PART I - INTRODUCTORY NOTE

Pursuant to Article 7(1), (2) and (3) of Law No 43/2006 of 25 August 2006 (amended by Law No 21/2012 of 17 May 2012), which governs the monitoring, assessments and pronouncements of the Parliament in the context of building the European Union, the *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth [COM(2014) 130]* was sent on 8 April 2014 to the Committee for the Budget, Finance and Public Administration, for the purposes of analysis and preparing this report.

PART II - RECITALS

The Europe 2020 strategy was proposed by the European Commission in early 2010. Its objective was 'to improve the competitiveness of the EU, simultaneously maintaining its social market economy model and significantly improving the efficient use of natural resources'. During a period of crisis and the deterioration of the economic and social environment, it should be a priority for the European Union 'to successfully exit the crisis. However, to ensure a sustainable future the EU needs to tackle its structural weaknesses and look beyond the short-term. The goal was to help the European Union emerge from the crisis stronger and to convert the EU into a smart, sustainable and inclusive economy, capable of providing high levels of employment, productivity and social cohesion'.

The Communication in question examines the Europe 2020 strategy for smart, sustainable and inclusive growth, considering that possible future reviews should always take into account the recent economic and financial crisis, along with the respective EU response. In this context, it is important to note the responses presented therein, namely: 'A crisis resolution mechanism was set up to mitigate the risk of contagion and financial fragility across Member States'; 'An ambitious and substantial reform of the financial system'; 'EU economic governance has been reinforced significantly'.

Four years after the initial proposal for the Europe 2020 strategy, it can be noted that the EU's likely growth trajectory is closer to a scenario of 'slow recovery' or a 'risk of a lost decade' than a scenario of 'returning to robust growth'. This view is supported by

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the data concerning the performance of the EU's economies, revealing that 'According to the latest forecasts, the EU's annual GDP growth could be in the order of 1.6% throughout the period 2014-2020, compared to 2.3% over 2001-2007 (prior to the crisis). Expressed in GDP per capita, average annual growth in the EU would thus be in the order of 0.9% over 2014-2020, compared to 1.8% over 2001-2007'.

The analysis of the progress achieved in terms of the objectives set within the scope of the Europe 2020 strategy notes that 'the crisis has had a visible impact, especially on employment and poverty levels, and limited progress has been achieved with regard to the other objectives, with the exception of reducing levels of greenhouse gases. It has also aggravated the differences in the performance of Member States in diverse areas, such as employment and R&D'.

The assessment closely examines each of the five areas of the objectives proposed for the Europe 2020 strategy, highlighting the following aspects:

- The employment rate in the EU was 68.4%, it being estimated that, 'Based on recent trends [...] it is expected to increase to around 72% in 2020', falling short of the strategy's objective: 'To increase the employment rate of the population aged between 20 and 64 years to at least 75%'.
- It is unlikely that the objective of 'increasing cumulative investment in R&D in the public and private sectors to 3% of GDP' will be achieved, since this percentage was 2.06% in 2012 and is expected to be 2.2% in 2020;
- It will be possible to achieve the proposed objectives for 'reducing greenhouse gas emissions by at least 20% as compared to 1990 levels' and 'increase the percentage of renewable energy sources in final energy consumption by 20% as well as to move towards a 20% increase in energy efficiency';
- It will be possible to achieve the proposed objectives for 'reducing school drop-out rates to below 10% and increasing the share of the population aged between 30 and 34 years concluding tertiary education to at least 40%';
- The EU has failed in the objective to reduce poverty. If the target initially proposed was to 'reduce the number of people at risk of poverty and social exclusion by at least 20 million', quite the opposite has happened: the number of people at risk of poverty and social exclusion has increased from '114 million, in 2009, to 124 million,

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in 2012'. The communication is also of the view that nothing indicates that this situation shall be remedied.

The Communication also provides a complementary qualitative assessment of the five main objectives established in 2010, considering them in light of the 'various limitations', namely: 'the targets are not exhaustive'; 'the targets are politically binding'; while recognising that, 'a qualitative assessment remains necessary'.

In terms of the European Semester, the Communication mentions that it 'provides a credible framework for policy implementation' but that, 'the need to address the immediacy of the crisis sometimes made it challenging to reconcile short-term urgencies with longer-term needs'.

In conclusion, considering the assessment of the objectives framed within the Europe 2020 strategy, the Committee was of the view that, 'the reasons for having a Europe 2020 strategy are equally pressing in 2014 as they were in 2010.'.

Principle of Subsidiarity

Verifying the principle of subsidiarity is not applicable.

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PART III – OPINION OF THE MEMBER OF PARLIAMENT AUTHOR

The Europe 2020 strategy is totally out of sync with European reality. The idea of continuing a path based on the Lisbon Strategy shows how European efforts completely failed to anticipate the euro crisis. The people of Europe are paying dearly for this failure and the wrong responses with austerity policies.

European efforts have dealt with the results of the financial crisis only concerned with the situation of banking and financial institutions. After large packages to support banks, including various instances of nationalisation, it was believed that the worst of the crisis had passed. This is the context in which the Europe 2020 strategy was presented.

However, there was a latent speculative attack which affected the peripheral economies of the euro zone. This was the second phase of the crisis, promoted by an incorrect European diagnosis, where the European elite denied any responsibility for the crisis, rooted in the euro zone's monetary policy, attributing the blame to peripheral nations and their sovereign debt.

The European response to the euro zone crisis was to disseminate austerity policies. The results are clearly evident and are far from the objectives proposed for the Europe 2020 strategy. People and their rights have been sacrificed at the altar of austerity, while public debt continues to increase.

The effects of austerity are in stark contrast to the objectives proposed in the Europe 2020 strategy. More specifically, the objectives of combating poverty, creating employment or investment in R&D have already been deemed unattainable. It is therefore clear that the Europe 2020 strategy was a wild rush forward for a European Union which ignored the signs of crisis and speculation in terms of the euro and does not have any bearing on the main choices followed in the European context.

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PART IV - Conclusions

In light of the above, the Committee for the Budget, Finance and the Public Administration came to the following conclusion:

1. Assessing compliance with the principle of subsidiarity is not applicable;
2. The analysis of this initiative does not raise any questions which require subsequent monitoring, although the process regarding the Europe 2020 strategy is worthy of monitoring in terms of its implementation and possible reviews;
3. The Committee for the Budget, Finance and Public Administration is of the view that the scrutiny of this initiative is concluded and, pursuant to the terms of Law No 43/2006 of 25 August 2006, this opinion should be sent to the European Affairs Committee for the due purposes.

S. Bento Palace, 30 April 2014

The Member of Parliament Author

[signature]

(Pedro Filipe Soares)

The Committee President

[signature]

(Eduardo Cabrita)

Opinion

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth

COM (2014) 130 final

Author: Member of Parliament

Rui Paulo Figueiredo (PS)



Committee for the Economy and Public Works

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PART I – INTRODUCTORY NOTE

Pursuant to Article 7 of Law No 43/2006 of 25 August 2006, which regulates the monitoring, assessments and pronouncements of the Parliament in the context of building the European Union, with the amendments introduced by Law No 21/2012 of 17 May 2012, as well as the methodology for scrutinising European initiatives, approved on 8 January 2013, The Committee for the Economy and Public Works received a Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on ‘Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth - COM (2014) 130 final’.

In compliance with the said methodology non-legislative initiatives are not, in principle, scrutinised, unless the competent Committee or the European Affairs Committee deems otherwise.

Considering its objectives, the said initiative was distributed to the European Affairs Committee, the Committee for the Budget, Finance and the Public Administration, the Committee for Education, Science and Culture and the Committee for the Economy and Public Works for analysis and the preparation of their respective opinions.

This Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth is accompanied by annexed documents 1 to 3.

PART II - RECITALS

1. In general

- **Objective of the initiative**

The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions COM (2014) 130 examines the Europe 2020 strategy proposed by the Commission in early 2010. It is based on a strategy set by the European Union for smart, sustainable and inclusive growth. Its objective was to improve the EU's competitiveness while simultaneously maintaining its social market economy model and significantly improving resource efficiency.

The Europe 2020 strategy extracted elements from the Lisbon Strategy for growth and employment, launched in 2000, reviewed in 2005 and which remained in effect until 2010.

The Europe 2020 strategy was launched as a partnership between the European Union and the Member States, in a context of levels of growth and productivity which were lower than other developed nations. Said context was characterised by a rapid deterioration in the economic and social climate, in the aftermath of the worst financial crisis the EU has ever faced.

This environment has hindered the successful implementation of the 2020 strategy's objectives.

The Europe 2020 strategy focuses on five chief objectives, to be achieved by the EU in the following areas:

I) Employment;

II) Research and Development (R&D);

III) Climate change and energy;

III.1) Reducing greenhouse gas emissions by at least 20% as compared to 1990 levels;

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III.2) Increasing the share of renewable energy sources in final energy consumption by 20%;

III.3) Achieving a 20% increase in energy efficiency.

IV) Education;

IV.1) Reducing early school leaving rates to less than 10%;

IV.2) Increasing the share of the population aged between 30 and 34 years completing tertiary education to at least 40%.

V) Combating poverty and social exclusion.

The first base document created with regard to this strategy, COM (2010) 2020 of 3 March 2010, defined that the *'Short term priority (was) a successful exit from the crisis'* but that *'In order to achieve a sustainable future'*, the EU needed to *'tackle its structural weaknesses'* and *'look beyond the short-term'*. The aim was to help the EU *'come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion'*.

Four years after the launch of the Europe 2020 strategy, this communication sought to examine the current state of affairs in this regard.

- **Main aspects**

In terms of the five objectives proposed in the Europe 2020 strategy, the following is evident:

I) Employment:

The Europe 2020 goal for employment was to increase the rate of employment of the population aged between 20 and 64 years to at least 75%.

The current situation at the level of the European Union reveals that employment has stagnated **in recent years and is below the Europe 2020 strategy's objective.**

The following percentages are cited:

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- Between 2000 and 2008 the employment rate grew from 66.6% to reach 70.3%;
- In 2009 the rate of employment in the EU dropped drastically to 68.9%;
- In 2010 it fell further to 68.5%;
- Between 2010 and 2011 the employment rate stabilised at 68.5%;
- In 2012 the employment rate was 68.4%;
- Currently, the EU employment rate is 6.6% below the objective of 75%.

The respective Communication from the Commission is of the view that the figures recorded for the first objective of the Europe 2020 strategy – Employment – are due to a combination of the negative effects of the crisis which occurred on a global level, particularly in the EU, time being necessary for improvements to have an effect on the labour markets, as well as the slow pace of labour market reforms in some Member States.

Based on the current situation, the objective stipulated in the Europe 2020 strategy is unlikely to be achieved and the employment rate has been estimated to reach 71.8% in 2020. In order to achieve the objective envisaged for 2020 the EU will need to create approximately 16 million new jobs.

The national performances of the Member States are quite disparate. **The majority of the Member States are far from achieving the objective stipulated within the scope of the Europe 2020 strategy.**

The objectives for the employment rate stipulated for Member States for 2020 are close to being achieved in Sweden and Germany, considering their high employment levels, and are far from being attained in Spain, Greece, Bulgaria, Hungary, Croatia, Romania and Ireland.

Portugal suffered a sharp drop in employment and still has a lower employment rate than other Member States.

It can thus be concluded that the divergence in performances between the Member States is increasing and that regional disparities persist in southern Member States.

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II) Research and Development (R&D)

The Europe 2020 goal was for Member States to invest 3% of GDP in R&D.

The current situation in the European Union shows that there has been an increase in R&D investments over the course of the years but the results are nonetheless still below the goals set for 2020.

The figures recorded in recent years are:

- Between 2000 and 2007, investment in R&D remained stable at 1.85%;
- In 2009, the percentage rose to 2.01%;
- Between 2010 and 2011 there was a very slight increase;
- In 2012 the figure stood at 2.06%.

In order to achieve the 3% target, the average annual growth rate for investment in R&D needs to double as compared to the period from 2007 to 2012. Rapid structural changes are necessary to promote more knowledge based economic activities.

The levels of ambition and progress in achieving the Europe 2020 objectives are different among Member States.

An analysis of the results of these four years reveals that there is a clear North-South divide in terms of investment in R&D and this divergence has increased in the last decade. In general, Member States in northern Europe have higher levels of R&D investment, while Member States in the south and east have worse results for these indicators.

Annex II of COM (2014) 130 final page 8 states that Romania, Portugal, Malta and Lithuania are still far from achieving their objectives, with figures at least 1% below the stipulated target.

The Communication from the Commission COM (2014) 130 final concluded that in the current situation, it is highly unlikely that the goal for the Europe 2020 strategy will be achieved within the stipulated time frame.

III) Climate change and energy

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III.1) Reducing greenhouse gas emissions by at least 20% as compared to 1990 levels

The European Union is close to achieving this Europe 2020 objective and could even exceed the target, reaching 24% in 2020. Between 1990 and 2012, emissions of greenhouse gases reduced by 18% in the EU and in 2012 the European economy was twice as intensive in terms of carbon consumption than in 1990.

According to data for 2012, in **Portugal** greenhouse gas emissions were lower than the respective goals stipulated for 2020.

‘Luxembourg, Denmark, Germany, Belgium, Finland and the Netherlands are the furthest away from achieving the respective objectives. As per the latest national forecasts available, in 13 Member States (Germany, the Netherlands, Latvia, Bulgaria, Italy, Finland, Austria, Spain, Lithuania, Belgium, Ireland, Slovenia and Luxembourg) the policies in effect are not enough to achieve the national objectives stipulated for 2020’. (cfr. page 12 of Annex II of COM (2014) 130 final).

Nevertheless, after a period during which this area was not a priority there has recently been renewed emphasis on the need to comply with these objectives.

III.2) Increasing the percentage of renewable energy in final energy consumption to 20%

The European Union will achieve the Europe 2020 objective of increasing the percentage of renewable energy in final energy consumption to 20% as there has been a constant increase in the use of renewable energy in recent years.

This positive evolution is evident in the indicators, the percentage of renewable energy rising from 7.5% in 2000 to 14.4% in 2012.

The objective of 20%, to be achieved by 2020, is achievable and could even be exceeded, reaching 21%, which would make the EU the global leader in terms of overall investment in sources of renewable energy.

The data cited in this Communication from the Commission for this indicator reveals that **in 2012 Portugal surpassed the EU 2020 goal** in the area of renewable energy performance, in terms of gross final energy consumption. **Portugal will thus be part**

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of the group of the 6 Member States with the best performances (cfr. page 15 of Annex II of COM (2014) 130 final).

The political priority given to this objective has recently been reinforced.

III.3) Achieving a 20% increase in energy efficiency

In terms of this indicator, the Communication from the Commission reports that there has been some progress in terms of energy efficiency, which should be consolidated in coming years to be able to achieve the envisaged Europe 2020 target of 20%. The consumption of primary energy reduced between 2006 and 2012 however, in order to achieve the percentage of 20%, a further reduction of 6.3% will be required by 2020.

Additional efforts by Member States are necessary in order to achieve this objective.

The transport sector has been identified as an area where improvements are essential in terms of energy consumption so as to have a positive impact on this indicator.

In 2012, Portugal, along with Cyprus, Estonia, Greece, Finland, Croatia, Hungary, Ireland, Lithuania, Latvia, Romania, Slovakia, Luxembourg, Poland, Spain, Italy and Slovenia, **had levels of primary energy consumption below the respective indicative national objectives** (cfr. page 18 of Annex II of COM (2014) 130 final).

IV) Education

IV.1) Reducing early school leaving rates to below 10%

The Communication from the Commission mentions that the early school leaving rate has been reducing since 2000 but it still remains above the 10% indicated as a target to be achieved by 2020. The figures for early school leaving rates in educational and training courses in the 18-24 age group in the European Union are as below:

- 2000- 17%;
- 2005 -15.7%;
- 2012- 12.7%.

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The Commission indicates that one of the reasons for the positive performance of this indicator is the worsened employment prospects for youths aged between 18 and 24 years, which has encouraged them to remain longer in educational and training systems.

In its analysis, the Commission divided the Member States into four groups on the basis of certain parameters: early school leaving rates in educational and training systems and the progress achieved over the years.

Portugal has been classified in a group along with Malta. Both countries had high early school leaving rates from the educational and training systems but both have made significant progress since 2000. However, their performance in 2012 was still far below the objective indicated for 2020. The Commission concluded that it is likely that Portugal, Spain and Romania will not be able to achieve the Europe 2020 target (cfr. page 21 of Annex II of COM (2014) 130 final).

IV.2) Increase the share of the population aged between 30 and 34 years completing tertiary education to at least 40%

The objective of this indicator is to increase the percentage of young adults in the 30-34 years age group completing tertiary education or an equivalent degree.

In the last 12 years the EU had witnessed an increase of 13.3 percentage points in this area, thus managing to increase the number of youths with a tertiary education degree or equivalent.

The EU is today only 4.3% away from achieving the Europe 2020 target **and this is an indicator which could be achieved in the remaining time frame.**

However, **Portugal**, Malta, Slovakia, Luxembourg and Croatia are the Member States furthest away from achieving their stipulated objectives. Portugal established an ambitious target of 40%, unlike other countries, such as Italy, which set a less ambitious objective of 26%.

Portugal has made considerable progress since 2000. In terms of the forecast for 2020, the Communication from the Commission states that most of the

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Member States will probably achieve their objectives, with the exception of Portugal, Malta and Slovakia (cfr. page 24 of Annex II of COM(2014) 130 final).

V) Combating poverty and social exclusion

The objective envisaged in the Europe 2020 strategy was to lift at least 20 million people out of the risk of poverty and social exclusion.

The indicator covers three types of poverty:

- Monetary poverty: people at risk of poverty after social transfers;
- Material poverty: people in serious need;
- People living in family units with very low rates of employment.

From 2009 to 2012 the number of people at risk of poverty and social exclusion in the EU increased, rising from 114 million to 124 million, respectively.

The disparities between Member States during this period were not felt uniformly in all Member States. Only two Member States, Germany and Latvia, achieved their targets.

In 2012, approximately 25% of people in Portugal were at risk of poverty or social exclusion, i.e. 5 percentage points above the Europe 2020 objectives (cfr. page 28 of Annex II of COM(2014) 130 final).

The EU is far from achieving its goal for 2020 and, from the forecasts mentioned in the Communication from the Commission, nothing indicates that this trajectory will be remedied by 2020. The crisis in the EU had repercussions in terms of an increase in the number of cases of material poverty and the percentage of families without employment, which makes it imperative to have more effective systems for social protection.

3. The Commission's assessment of the Europe 2020 Strategy

The Commission is of the view that the five objectives envisaged in the Europe 2020 strategy were ambitious but achievable by the EU.

Committee for the Economy and Public Works

Analysing this four year period, the Europe 2020 strategy demonstrates various limitations, presenting non-exhaustive and only politically binding objectives, unlike the objectives stipulated in the Stability and Growth Pact or in the procedures concerning macroeconomic imbalances, which are legally binding objectives. The fact that it is politically binding is explained by the importance attributed to the Member States in achieving the delineated strategy, considering the principle of subsidiarity and the fact that these are targets, the indicators for which were not established on the basis of a consensus by all Member States, such as in the education sector.

However, these objectives/indicators are vital, as they enable a transparent and transversal comparison of EU nations, revealing that the Europe 2020 objectives were unbalanced. The transposition of these objectives internally in Member States showed that there is an increasing gulf between the Member States with the best and worst performances.

The current crisis has revealed the growing inequality in terms of the distribution of wealth and income.

This is also evident in Portugal.

The economic governance of the European Union has been reinforced since the implementation of the Europe 2020 strategy in 2010.

The European Semester has become an essential tool to implement reforms on a national and European level, by coordinating economic policies, so as to ensure that the EU and its Member States coordinate their economic policies and efforts to promote growth and employment.

In the Communication COM(2014) 130 final, the Commission has not arrived at conclusions nor has it formulated recommendations for policies to be implemented, opting instead to consult all Member States on this Europe 2020 strategy in a post-crisis scenario in the EU. To this end, it carried out the corresponding public consultation to receive inputs from interested parties. This process will culminate in 2015 with the presentation of proposals by the Commission to achieve the Europe 2020 strategy.

4. Principle of subsidiarity



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This opinion contemplates a Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on 'Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth'. As this is a non-legislative initiative the Committee for the Economy and Public Works is not required to analyse compliance with the principle of subsidiarity.

Committee for the Economy and Public Works

PART III - CONCLUSIONS

In light of the above, the Committee for the Economy and Public Works concludes the following:

A) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions COM (2014) 130 takes stock of the Europe 2020 strategy for smart, sustainable and inclusive growth;

B) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions COM (2014) 130 is accompanied by Annexes 1 to 3, with the results of the assessment of the indicators on the five main objectives of the Europe 2020 strategy;

C) The assessment of these indicators merits reflection and concern by all, so as to attempt to reduce the negative impact in Portugal of the crisis which has devastated Europe. This crisis played a decisive role in the context of implementing the Europe 2020 strategy. Similarly, this is necessary to resume the path of a smart, sustainable and inclusive growth which also makes it possible to achieve the proposed objectives;

D) As this is a Communication from the Commission, i.e. a non-legislative tool, the analysis of compliance with the principles of subsidiarity and proportionality is not required;

E) The Committee for the Economy and Public Works is of the view that the scrutiny of this initiative is concluded and, pursuant to the terms of Law No 43/2006 of 25 August 2006, this opinion should be sent to the European Affairs Committee for the due purposes. It also believes, however, that the measures implemented by the government to achieve the objectives set in the Europe 2020 strategy should continue to be monitored.

S. Bento Palace, 28 May 2014



Committee for the Economy and Public Works

The Member of Parliament Author of the Opinion

[signature]

(Rui Paulo Figueiredo)

The Committee President

[signature]

(Pedro Pinto)

Opinion

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth

COM (2014) 130 final

Author: Member of Parliament

Maria Ester Vargas



Committee for Education, Science and Culture

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PART I – INTRODUCTORY NOTE

Pursuant to Article 7 of Law No 43/2006 of 25 August 2006, which regulates the monitoring, assessments and pronouncements of the Parliament in the context of building the European Union, the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning 'Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth' [COM (2014) 130 final] was sent to the Committee for Education, Science and Culture, keeping in mind its subject, for the purpose of analysis and the preparation of this opinion.

PART II - RECITALS

1. In general

This Communication aims to take stock of the current situation in terms of the implementation of the Europe 2020 strategy in the diverse Member States, four years after its launch.

Intending to conduct a public consultation during the current year, so as to determine the level of the strategy's impact in terms of the main objectives defined therein, the Commission felt it was important to present a document at this time – encompassing the strategy's main characteristics – thus enabling a greater awareness of its effects and the implementation of measures to facilitate achieving its objectives.

The Europe 2020 strategy sought to improve the EU's competitiveness, while maintaining its social market economy model and significantly improving resource efficiency. It was launched against the backdrop of an accelerated deterioration in the economic and social scenario, the result of the worst global financial crisis ever faced by the EU.

Having been conceived as a partnership between the EU and Member States, the strategy defined a set of five main objectives, focusing on the priorities of smart, sustainable and inclusive growth, to be achieved by the EU by 2020, in the following areas:

- Research and Development;
- Education;
- Combating Poverty and Social Exclusion;
- Employment;
- Climate and Energy.

Although there were significant differences in the EU before the crisis, the crisis intensified the growing divergences between Member States, resulting in a differentiated European Union, not just in terms of economic performance and situation but also in terms of progress achieved for the objectives defined in the Europe 2020 strategy, as shall be seen.

2. Most relevant specific aspects

The Europe 2020 strategy was launched to meet the challenges the EU faces in the long-term. Presently, it is possible to see that most of these challenges, duly identified in 2010, have not disappeared and some have even, in fact, intensified further.

2.1. Long-term trends affecting growth

Being a gradual but very specific process, the aging of the European population created a new context, with very real implications for the dynamics of the different Member States. Economic dependence, i.e. the relationship between the numbers of the active and non-active population, is expected to increase from 1.32 in 2010 to 1.47 in 2030, with the dependence of senior citizens raising substantial challenges with regard to social responses and the financial sustainability of social protection systems. The fact that the active population is reducing, *'Will limit Europe's growth potential unless the EU is able to put more people to work and ensure that they work more productively and for a longer time, in line with the increase in life expectancy and healthy life years'*.(Page 9).

Another apparent trend which also affects growth is related to effectiveness and the fairness of wealth produced and distributed by means of growth. If, on the one hand, GDP and wellbeing have continued to grow in overall terms, on the other hand inequalities have increased in Europe from the mid 1980s onward. Currently, there are tremendous inequalities in the distribution of income in the EU: in 2012, on average, the top 20% earned 5.1 times more than the lower 20%. According to the document in question, forecasts indicate that the crisis has caused an increase in inequality and has resulted in even greater pressure on redistribution systems. In turn, the question of equitable distribution further accentuates the difficulties of overcoming the challenges facing European economies. (Page 9)

2.2. Summary of the progress achieved as compared to the objectives of the Europe 2020 strategy

Area of Research and Development:

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Investment in research and development (R&D) in the EU has increased slightly in recent years, although still remaining below the objective of 3% for 2020. In order to achieve this objective, the average annual growth rate for R&D expenditure needs to double as compared to the period between 2007 and 2012. According to the document it is necessary to introduce 'rapid structural changes to promote more knowledge based economic activities' (page 7, Annexes)

The national objectives in this area are quite diverse: Finland and Sweden, which already have the highest rate of R&D in the EU, stipulated the highest goal for 2020: 4% of GDP invested in R&D. Greece and Cyprus have the lowest targets, with 0.50% and 0.67%, respectively. Just like Romania, Malta and Lithuania, Portugal is also far from achieving the defined objective, with results at least 1% below the stipulated average.

Area of Education – Reducing early school leaving rates to less than 10%:

Positive measures have been implemented in the EU concerning early school leavers in education and training systems, which have contributed towards reducing the early school leaving rate since 2000. However, this indicator still continues to be 2.7% above the Europe 2020 objective. It is expected that this objective can be achieved, although it is not definite. Compliance (less than 10% by 2020) will require sustained – if not heightened – efforts by the EU and its Member States.

In 2012, nine Member States - Denmark, Slovenia, Czech Republic, Sweden, Luxembourg, Austria, Latvia, Lithuania and Slovakia, had already achieved their respective goals. Spain, Portugal, Malta and Romania continue to be far from achieving their objectives, which can be partially explained by the fact that these countries had established relatively ambitious goals. Despite having a high early school leaving rate, Portugal has made significant progress since 2000. According to the latest forecasts, it is possible that most Member States will achieve their goals by 2020, with the exception of Spain, Portugal and Romania.

Area of Education – Increase the share of the population aged between 30 and 34 years completing tertiary education to at least 40%:

Very significant progress has been made in the EU in terms of achieving the Europe 2020 objective of at least 40% of the population having completed tertiary education (or the equivalent). In truth, with an increase of 13.3% in twelve years,

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reaching 35.7% in 2012, it seems possible to achieve the objective by 2020 in most Member States, nine of which - Latvia, the Netherlands, Denmark, Finland, Sweden, Lithuania, Cyprus, Germany and Austria - have already achieved their goals. Malta, Slovakia, Portugal, Luxembourg and Croatia are the nations furthest away from complying with the objectives they established (in the case of Portugal, 60%). However, the document has emphasised the fact that Portugal has made considerable progress since 2000, despite the poor results achieved.

Area of Combating Poverty and Social Exclusion:

The crisis has had a significant social impact throughout the EU and the number of people exposed to the risk of poverty or social exclusion has increased, thus compromising the progress recorded in terms of complying with the Europe 2020 objective and lifting at least 20 million people out of the risk of poverty and social exclusion. It is important to mention that the disparities between Member States are increasing, whereby Bulgaria is the most worrying Member State at this level, with 49.35% of its population at risk of poverty or social exclusion, according to the data for 2012.

Area of Employment – Increasing the employment rate for the population aged between 20 and 64 years to at least 75%:

EU employment has stagnated in recent years and is still below the said objective of the Europe 2020 strategy, due to the profound contraction of the economy as a result of the crisis, the slow pace of reforms in the labour market in some Member States and the time necessary for changes implemented to have an impact on the labour market.

To reverse this situation, the document states that it is necessary to implement measures promoting a return to growth and the creation of jobs, so that the employment rate envisaged for 2020 can be achieved. To this end it will be necessary to create more than 16 million new jobs in the EU.

Most Member States are far from complying with the objective stipulated within the scope of the Europe 2020 strategy, although countries in central and northern Europe have high rates of employment.

Area of the Climate and Energy – Reducing greenhouse gas emissions by at least 20% as compared to 1990 levels:

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The EU is close to achieving this objective after a considerable reduction in emissions of greenhouse gases and could even surpass the stipulated percentage, reaching 24% instead of the envisaged 20%.

Portugal is among the Member States with greenhouse gas emissions already below the objective defined for 2020.

There has been a constant increase in the use of renewable energy in the EU since 2000 and if this trend continues it will be possible to achieve the Europe 2020 objective of increasing to 20% the component of renewable energy in final energy consumption. However, it is still necessary to make efforts in this area in most Member States, as only Sweden, Estonia and Bulgaria have achieved their national goals.

In terms of the objective of achieving a 20% increase in energy efficiency, some progress has been made recently which, however, needs to be consolidated in coming years in order to attain the Europe 2020 objective. All sectors have possibilities for future action, especially in the field of transport, an area that has seen little progress to date.

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PART III- OPINION OF THE MEMBER OF PARLIAMENT AUTHOR OF THE OPINION

The Europe 2020 strategy has played a fairly important role in promoting smart, sustained and inclusive growth in EU Member States. It is a framework document establishing long-term objectives in areas deemed to be vital for development. Four years after its launch, it is an opportune moment to review the strategy and analyse the progress achieved and constraints, in order to establish priorities for the period ending in 2020.

The assessment in the Communication reveals that it has not always been easy to achieve the proposed objectives and the desired convergence has not always been attained. There have been setbacks in some areas, due to accumulated imbalances, accentuated further by the profound crisis in Europe.

Therefore, while it was important to define a long-term strategy in 2010, today, in 2014, it still continues to be essential to establish targets, define priorities and compare paths traversed to date. It is important to complete the cycle, understanding the facts which have marked this strategy to date and orienting policies in order to overcome the many constraints.

The awareness and involvement of all the relevant authorities – governments, parliaments, regional and local authorities, social partners and others, together with European institutions, are vital for sustained, smart and inclusive growth, so as to eliminate the asymmetries among diverse Member States and enable a more cohesive European project emphasising solidarity, corresponding to the legitimate expectations of its citizens.

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PART IV-CONCLUSIONS

In light of the above, the Committee for Education, Science and Culture concludes the following:

1. As the document in question is a Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, an assessment of compliance with the principle of subsidiarity is not applicable;
2. The analysis of this initiative does not raise any questions requiring subsequent monitoring;
3. The Committee for Education, Science and Culture is of the view that the scrutiny of this initiative is concluded and, pursuant to the terms of Law No 43/2006 of 25 August 2006, this opinion should be sent to the European Affairs Committee for the due purposes.

S. Bento Palace, 27 May 2014

The Member of Parliament Author of the Opinion The Committee President

[signature]

(Maria Ester Vargas)

[signature]

(Abel Batista)