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RESOLUTION AND REPORT

on

EUROPE 2020 AND THE EEA

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RESOLUTION
on
EUROPE 2020 AND THE EEA

The Consultative Committee of the European Economic Area (EEA CC):

- A. Having regard to the initial Lisbon Strategy and its re-launch in 2005 as the Growth and Jobs Strategy;
- B. Having regard to EEA EFTA participation in the Lisbon Strategy, through the Internal Market and legislation under the Community programme/method, a wide range of EU programmes, several Open Method of Coordination processes, and inclusion in Eurostat;
- C. Noting the many EEA Consultative Committee resolutions on the Lisbon Strategy focusing on the role and expectations of social partners and civil society and the role of national reform programmes, including reforms in the EEA EFTA States;
- D. Having regard to the Commission proposal for a new Europe 2020 strategy and the initial discussion in the European Council in March 2010;
- E. Noting the EESC opinion on the post-2010 Lisbon Strategy (November 2009);
- F. Noting previous EEA CC reports and resolutions on the Lisbon Strategy and specific substance areas therein;
 - 1. notes that the new European 2020 strategy is intended to be more ambitious and comprehensive than the Lisbon Strategy. To succeed all actors, both governmental and non-governmental, will have to work much harder than in the previous ten years to reach the overall goal of smart, sustainable, and inclusive growth;
 - 2. underlines that the EEA EFTA States have been involved in the Lisbon Strategy through the Internal Market, selective OMC processes, and inclusion in Eurostat, and that it will be important to explore the EEA relevance of the new Europe 2020 strategy, and therein ensure closer cooperation between the EEA EFTA States and the EU;
 - 3. reminds readers that the EEA CC has followed the EU reform process from the very beginning and will continue to do so with Europe 2020, focusing especially on the role and expectations of economic and social partners. In addition, it will be especially important to analyse whether the new strategy will indeed manage to represent a real change compared to

the last ten years, and genuinely respond both to the need for exit strategies from the current crisis and a more coherent approach to long-term growth;

4. agrees with the general view that the Lisbon Strategy, despite positive developments in many areas, has not managed to achieve its overall objective (to make the EU economy the most competitive and dynamic knowledge-based economy in the world) and warns about a “back to Lisbon” approach when developing Europe 2020;
5. believes that based on the past ten years’ experience, it is not only necessary, but should be possible to develop a new and more efficient approach to tackle Europe’s short-, medium- and long-term problems, allowing competitiveness, R&D and innovation to be combined with the innovative potential of a socially responsible and sustainably developing Europe;
6. welcomes the proposal for a more comprehensive and ambitious approach to reforms and for *one* overarching strategy into which all other strategies and policies should feed. The economic and financial crisis especially has underlined the need for a more coherent and holistic approach which can balance short-term exit strategies with long-term growth;
7. underlines that the context in which Europe 2020 will be developed has changed dramatically since the adoption of the Lisbon Strategy due among others to the recent economic and financial crisis, further globalisation of the economy, climate change, and demographic trends. This has made reforms much more difficult and complex and will thus require them to be much more comprehensive, efficient and smarter than just ten years ago;
8. warns that the Commission proposal should not simply be a quick step in the usual European decision-making process but rather a starting point for critical and open debate on future reforms in which stakeholders have the necessary time to participate in the shaping of what is meant to be *the* overarching strategy for Europe;
9. regrets that not enough time was set aside in the initial consultation process (only 7 weeks including Christmas holiday) and calls for a change in attitude in the months leading up to adoption, and during the implementation of the new strategy. For this Committee the involvement of social partners and civil society is of specific importance, without which it will be impossible to implement an effective strategy for smart, sustainable, and inclusive growth;
10. underlines that the EEA social partners and civil society also have a role to play to help employers, employees, consumers, and market participants adapt to the new Europe 2020 strategy and be involved in its implementation;
11. emphasises that Europe 2020 might be both less and more relevant for the EEA EFTA States; less because a broader strategy is intended to include

more policy areas that are clearly beyond the scope of the EEA Agreement (e.g. trade policy, EMU); and more because a) the Single Market is intended to become an instrument of the strategy rather than a separate project/ parallel process, b) a further “Lisbonisation” of the EU budget means that Europe 2020 will have a greater impact on the future of the various EU programmes in which the EEA EFTA States participate and contribute financially, and c) possible changes to the cohesion policy in the EU could indirectly affect the EEA EFTA States (e.g. Interreg, EEA financial mechanisms);

12. calls on the EEA EFTA States to increase their internal coordination and joint actions vis-à-vis the EU in order to more effectively influence EEA relevant processes, policies, and legislation within Europe 2020. This cooperation has to go beyond the technical expert level and include coordination at the highest diplomatic and political level, e.g.:
 - The prime ministers of the EEA EFTA States should submit a joint statement to their colleagues in the European Council well in advance of the June 2010 summit, expressing their views on, and possible concerns with the EEA relevant parts of the Europe 2020 proposals;
 - The EEA Council should include Europe 2020 on its agenda;
13. underlines, with regard to the overall priorities of Europe 2020, the importance of a genuine balance between the three pillars: social, economic, and environmental dimension, or inclusive, smart, and sustainable growth;
14. underlines that the EU 2020 should strike the right balance between measures to address the employment impact of the crisis and reforms aimed at addressing Europe’s medium- and long term labour market challenges. In view of creating more and better jobs, the EEA CC therefore calls upon EU and EFTA states to implement a right mix of policy measures addressing flexibility and security dimensions for workers and employers in a holistic and balanced way. Also, flexicurity policies must be accompanied by sound macroeconomic policies, favourable business environment, adequate financial resources, and the provision of good working conditions;
15. adds that Social Europe has to be more than “just” flexicurity and employability. While the latter two are crucial for growth, Social Europe has to include the fight against social exclusion and poverty, and increase social inclusion;
16. recommends continued and increased EEA cooperation in the area of all seven flagship initiatives proposed by the Commission. The Committee has in its report highlighted especially cooperation in three areas: Innovation Union, Youth on the move; and An agenda for skills and jobs;
17. welcomes the fact that the Single Market is intended to become a more integral part of the new Europe 2020 strategy and that the Commission has

called for a new momentum and genuine political commitment to re-launch the Single Market. The Committee underlines the obvious relevance of this for the EEA EFTA States and calls on the EEA EFTA States and EEA EFTA stakeholders to engage themselves in this process;

18. reiterates the importance of correct and timely implementation of Internal Market legislation throughout the EEA and of increased cooperation between Member States' administrations. The Committee reiterates its call for increased information to economic operators on the opportunities in the Internal Market. Within the re-launch of the Single Market, specific emphasis also needs to be put on entrepreneurship without which it is difficult to envisage smart growth in Europe;
19. welcomes the five headline targets proposed by the European Commission for Europe 2020, however, reminds the relevant authorities that for these targets to be met, reforms will have to be much more ambitious than in the previous ten years;
20. recommends increased emphasis on the output or results of targets, not only input, which has been the focus so far;
21. welcomes a differentiated approach between Member States within the overall headline targets, however, warns that a very strong and open dialogue between Commission and Member States will be needed to ensure that the headline targets can be reached in a balanced and fair way;
22. asks the EEA EFTA States to explore how they will relate to this new differentiated approach, both with regard to EEA relevant legislation involving EU headline and national targets (e.g. renewable energy), and with regard to non-legislative policy coordination and bench-marking processes in which the EEA EFTA States participate (former OMC processes). While OMC is hardly mentioned as such in the Commission proposal, it seems evident that the practices associated with OMC will continue also within Europe 2020;
23. welcomes that the work on the hundreds of structural indicators in which the EEA EFTA States have been included will continue (although they will not be used as political targets), and that these indicators are likely to be expanded to include also statistics from other third countries such as the US and Japan to enable international comparisons which is highlighted in the Europe 2020 proposals;
24. recommends the EEA EFTA States and the EU to become more closely associated through exchanges of good practices, benchmarking and networking, as highlighted in the Commission proposal, to forge ownership and dynamism around the need for reform. The EEA CC could be instrumental in taking initiative for necessary actions;
25. asks the relevant authorities, based on the enhanced role envisaged for the European Council in the governance of Europe 2020, to explore the

possibility of organising a joint summit between the European Council and the EEA EFTA prime ministers to explore where closer EU-EFTA cooperation is needed to ensure smart, sustainable, and inclusive growth in the EEA or Europe (not only in the EU);

26. urges the EU Member States to present more ambitious and specific reform programmes within Europe 2020, even if they run the risk of getting more policy recommendations from the European Commission this way. Also, the EEA CC would reiterate its opinion that also the EEA EFTA States should implement reforms based on their own national needs;
27. reiterates that reforms will only succeed if full account is taken of interests across all society, and if close cooperation is facilitated at all levels between relevant authorities and social partners and civil society organisations. In order for Europe 2020 to succeed, it has to become more than just an intellectual exercise, and involve real dialogue and involvement at all levels;
28. underlines that the EEA CC will continue its focus on reforms through the EEA cooperation, e.g. EFTA CC observer participation in the EESC Single Market Observatory and the EESC Lisbon Strategy Observatory;
29. calls, finally, on the EEA EFTA States and the EU to consider whether the current arrangement for EEA EFTA national experts in the European Commission could be extended to other EU institutions, such as the secretariat of the European Parliament, the EESC, and the Committee of the Regions. This would not only be a concrete example of how to strengthen the EEA cooperation within Europe 2020 but would also respond to the proposal by the Commission to involve stakeholders more actively in the new Europe 2020 strategy.

REPORT

on

EUROPE 2020 AND THE EEA

I. Introduction

1. Europe 2020 is the EU's strategy for the next decade currently under preparation. It is intended as the successor of the Lisbon Strategy for Growth and Jobs, originally conceived in 2000 to make the EU the most competitive and sustainable knowledge-based economy in the world by 2010. The proposal for the new Europe 2020 strategy is based on a partnership approach, combining both EU and Member States' level policy competences and actions. It covers all areas of EU policy competences except the Common Foreign and Security Policy (CFSP) and the Area of Freedom, Security and Justice (AFSJ), which are covered by the European Security Strategy and the five-year Stockholm Programme respectively.

2. European Commission President Barroso made the re-launch of the Lisbon Strategy his principal priority during his first period in charge of the Commission and signalled in his *Political guidelines for the next Commission* that Europe 2020 would be given similar prominence in his second term (2010-2015).¹

3. A public consultation on Europe 2020 was launched on 24 November 2009 on the basis of a Commission paper², with a deadline of 15 January 2010. Approximately 1.400 contributions were submitted, including joint EEA EFTA Comments from the EFTA Working Group on Education, Training and Youth, and the EFTA Working Group on Research and Development, a contribution from the EFTA Working Group on technical barriers to trade, and a contribution from the Norwegian government. The Commission subsequently produced a brief and initial overview of the contributions.³

4. An extraordinary EU summit was organised by the new President of the European Council, Herman van Rompuy, on 11 February 2010, to discuss the new strategy. The Commission tabled its proposal for Europe 2020 strategy on 3 March 2010⁴, and this served as basis for discussions at the next summit on 25-26 March 2010. While focus was somewhat diverted away from Europe 2020 at both these occasions (towards the situation in Greece), Heads of State and Governments still found time to discuss initial proposals and the new Europe 2020 strategy is scheduled to be adopted at the EU summit in June 2010.

5. Looking at EFTA participation in EU reforms so far, the EEA EFTA States have been involved in the Lisbon Strategy, among others through:

¹ Political guidelines for the next Commission, 3 September 2009.

² Commission Working Document: Consultation on the future "EU2020" strategy, COM(2009) 647 final.

³ Commission Staff Working Document: Europe 2020 – public consultation. Overview of responses, SEC(2010) 246 final, 4 March 2010

⁴ Communication from the Commission: Europe 2020. A strategy for smart, sustainable and inclusive growth, COM(2010) 2020

- the Internal Market, and legislation under the Community programme/method
- participation in several Open Method of Coordination (OMC) processes
- inclusion in Eurostat with regard to indicators

6. The EEA Consultative Committee (EEA CC) has followed the EU reform process from the very beginning and will continue to do so also with Europe 2020. The Committee has in its recommendations to the EEA Council since 2000 focused on the role and expectations of economic and social partners and of national reform programmes⁵. A recommendation that has been reiterated continuously is the need for the EEA EFTA States, while not formally part of the Lisbon Strategy, to also develop reform programmes and allocate relevant resources and political leadership (e.g. Mr/Ms Lisbon) to drive these forward. The Committee has in more specific reports and resolutions taken a more thematic approach focusing on Lisbon Strategy priorities such as green jobs, lifelong learning, and sustainable transport and energy.

7. The aim of this EEA CC report is to provide input to the *ongoing* Europe 2020 consultation process (*before* the foreseen adoption of the strategy in June), focusing especially on the impact of a new strategy on the EEA and the role of the social partners and civil society. It will be important to analyse whether the new strategy will represent a continuation of the Lisbon Strategy, or whether indeed, as many call for, including the EEA CC below, it will represent a real change (clean break) in light of the current crisis and the need for a more coherent approach to growth.

8. The EEA EFTA States and the EU have to reinforce coordination in order to find a credible common exit strategy from the economic crisis as regards budgetary and monetary policy on the one hand, and the direct support given by governments to economic sectors, in particular the financial sector, on the other. The sequencing of these several exists is important.

II. The overall approach and purpose of Europe 2020

First a look at what has been: did the Lisbon Strategy work?

9. Judging by its overall aim at the outset, the Lisbon Strategy is largely regarded as a failure. Despite positive developments in certain areas, few would contend that the overall objective – to make the EU economy "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion"⁶ by 2010 – has been achieved. The EU and its Member States have not been able to reach key targets of the Strategy such as spending 3% of GDP on research and innovation (it has been stable just below 2% for the last decade) and a 70% employment rate (which had however increased from 62% to 68% by 2008 before the crisis hit).

⁵ E.g. EEA CC Resolution and Report of 20 March 2003 on "The Follow-up of the Lisbon Strategy" (C/20/R/013); EEA CC Resolution and Report of 31 May 2005 on "The Lisbon Strategy – Role and Expectations of Economic and Social Partners in the EEA (Ref. 1052343); EEA CC Resolution and Report of 25 June 2006 on "The Lisbon Strategy – More, sustainable growth through national reforms and increased EEA cooperation" (Ref. 1063390)

⁶ Presidency Conclusions, European Council on 23-24 March 2000 in Lisbon.

10. Many put the blame for not reaching the Lisbon goals on the simple approach of the initial Strategy which was based mainly on non-binding cooperation between Member States and thus lacked the necessary incentives for reforms and consistency between national policies. The lack of political leadership and poor governance did not improve the situation.

11. Complaints led to changes in 2005 (Growth and Jobs Strategy), including a new partnership between EU (Community Programme) and Member State (national reforms) activities, fewer and more specific priorities, and more targeted policy recommendations from the European Commission to Member States in response to their implementation of reform programmes.

12. Some improvements were identified, including a considerable increase in European employment from 2006 to 2008. While it is difficult to judge whether this was the result of structural reform or cyclical change, one could possibly argue that the Lisbon Strategy at least helped Member States structure and coordinate reforms, something that might otherwise have been difficult (no one knows of course what the level of reforms would have been without the Lisbon Strategy). At the EU level, a Community Lisbon Programme was introduced and new framework programmes developed.

13. However, despite some improvements, many maintained that the Lisbon method did not deliver the required results and that differences between Member States increased within indicators. Some of this criticism is reflected in an EESC opinion from November 2009⁷ in which the Committee underlines that many countries have been failing to meet the requirements set out in the Strategy, and that targets, while possibly achieved as an EU average in some areas, are not reached in all Member States.

14. Looking ahead at post-2010 reform, the EESC in its opinion warns against a “back to Lisbon” approach and underlines that the priority “now must be to adopt long-term approaches which allow competitiveness, R&D and innovation to be combined with the innovative potential of a socially responsible and sustainably developing Europe”.

15. The EEA Consultative Committee shares this view. Based on the past ten years’ experience, it is not only necessary, but should also be possible to develop a new and more efficient approach to tackle Europe’s short-, medium- and long-term problems by facilitating change in a more inclusive way.

16. While enjoying this luxury of hindsight, the EEA CC would like to remind readers that the context in which a new European reform programme has to be developed has changed dramatically since the adoption of the initial Lisbon Strategy in 2000. New and intensified challenges, such as the recent financial and economic crisis, further globalisation of the economy (e.g. increased competition from emerging markets), the need to improve the single market, energy policy and climate change, demographic trends and migration, will make reforms much more difficult and complex, and will thus require them to be much more comprehensive, efficient and smarter than just ten years ago.

⁷ EESC Opinion of 4 November 2009 on “The post-2010 Lisbon Strategy” (LSO-ECO/267)

17. The recent financial and economic crisis especially has brought a devastating blow to the European reform process, having, as stated by the European Council on 26 March 2010 “reversed much of the progress achieved since 2000”⁸. It has highlighted the limits of national action and the need for more coordinated action at the European level. It will be important to use the new Europe 2020 strategy to overcome the negative effects of the crisis, including new and better regulation (especially in the financial sector⁹) and better cooperation (at all levels, including the involvement of social partners and civil society). Short-term crisis management (stimulus, rescue packages...) have to go hand in hand with long-term reform. For all this to happen, the new strategy has to be much more than just a new version of the Lisbon Strategy.

Will we now see a "new" strategy that will work better?

18. The rationale behind Europe 2020 is quite different from the original Lisbon Strategy. The 2000 version of the Strategy focused on non-binding cooperation – the so-called Open Method of Coordination (OMC) – of policies primarily within the competences of the Member States, such as employment, research, and education. The Lisbon Strategy was developed in parallel but not necessarily in coherence with other strategies and policies, a situation which possibly allowed for too much “silo thinking”.

19. With Europe 2020 by contrast, the goal is to create *one* overarching strategy for Europe for the next decade, availing itself of both binding and non-binding instruments at both EU and national levels. Interdependence and coherence is at the core, i.e. all other strategies and policies should feed into Europe 2020 and be developed as a means to achieve the overall Europe 2020 goals. The economic and financial crisis especially has underlined the need for a more coherent and holistic strategy which can balance short-term exit policies (exit from current crisis) with long-term growth. A new approach to reforms should be further facilitated by the institutional changes in the ongoing implementation of the Lisbon Treaty.

20. The partnership approach was introduced by the renamed Strategy for Growth and Jobs in 2005, which quite substantially revised key aspects of the Lisbon Strategy, although the changes have in some areas been too recent to have had an impact on the overall results of the Strategy (for instance on funding and the practice of the Commission issuing policy recommendations to the Member States). The new approach entailed a broadening of the policy areas covered by the strategy to include the single market and the external dimension, and a “Lisbonisation” of some EU funding. The partnership approach and the broadening of the agenda has been further developed under the Europe 2020 strategy, which is foreseen to cover also the EMU, trade policy, agriculture and the EU budget.

21. However, the key question is whether this is enough to make a positive break from the past and to succeed where the Lisbon Strategy failed. It is naturally too early to judge what the adopted strategy will look like in the end, but it seems that some momentum might already have been lost, especially since recent EU summits have been forced to deal with more urgent matters than Europe 2020. The European Policy Centre

⁸ European Council Conclusions, Brussels 26 March 2010 (EUCO 7/10)

⁹ This is the focus of the second EEA CC resolution for the May meeting 2010

for one has regretted the lack of progress. At the same time, however, it views the delay as a possible blessing in disguise since the EU will *need* more time to further improve its proposals, e.g. make the proposed flagship initiatives more concrete¹⁰. It makes the important observation that the Commission proposals should rather be a starting point for a critical and open debate than simply a step in the usual European decision-making process.

22. European social partners have shared this view and especially expressed concern with the unnecessarily high speed of the consultation process so far (the initial consultation was only 7 weeks including Christmas holiday), making it very difficult to involve stakeholders in the shaping of what is meant to be *the* overarching strategy for the future of Europe. This attitude has to change in the months leading up to adoption of the strategy and during its implementation. For this Committee the involvement of social partners and civil society will be of specific importance. Without this it will be impossible to implement an effective strategy for smart, sustainable and inclusive growth.

Will Europe 2020 be EEA relevant?

23. The changes proposed by the European Commission for Europe 2020 make it both more and less relevant to the European Economic Area (EEA), in particular if compared with the original 2000 Lisbon Strategy. (It could be noted that the Europe 2020 consultation document was marked as text with EEA relevance, but the Europe 2020 proposal from March 2010 did not include such a reference.)

24. It becomes more relevant primarily because of the inclusion of the Single Market – and thus the EEA – as an instrument of the strategy, rather than being essentially a separate project and a parallel process. Secondly, the further “Lisbonisation” of the EU budget means that Europe 2020 will have a greater impact on the future of the various EU programmes in which the EEA EFTA States participate and contribute to the budget, than was the case of the previous versions of the strategy. A further indirect effect might accrue as agricultural and cohesion policies are also covered by the Europe 2020, as changes to the relative funding of these two areas have an impact on EEA EFTA cooperation on cohesion policy (for instance participation in Interreg etc.) and as the cohesion budget provides the benchmark for EU requests for EEA EFTA financial contributions (EEA financial mechanism).

25. On the other hand, Europe 2020 is also less relevant for the EEA Agreement than the Lisbon Strategy, as it includes policies which are clearly beyond the scope of the EEA such as trade policy and Economic and Monetary Union.

26. These developments mean that Europe 2020 is arguably more important to the EEA than its predecessors and also, perhaps, more difficult to handle. The comprehensive nature of Europe 2020 makes it difficult to agree on common EEA EFTA positions covering the *entire* strategy, as that would entail common positions in areas where the EEA EFTA States have so far not had common approaches, such as monetary policy, and where this would be a significant departure from current positions

¹⁰ EPC Commentary: “The European Council: balancing short term crisis and long term strategy”

in a number of areas. It might furthermore not be regarded as appropriate, given that the policy areas in question are internal policies of the EU.

27. However, the EFTA CC has already called on the EEA EFTA States to increase their coordination with regard to the aspects of the new strategy that *will* be EEA relevant (e.g. Single Market as key instrument in Europe 2020), in order to provide joint comments and input to the EU side in a timely fashion and to ensure EEA EFTA participation in new processes and initiatives from the start. With Europe 2020 possibly becoming both more important and more difficult for the EEA EFTA States, more work is needed both internally within EFTA and vis-à-vis the EU to more effectively influence EEA relevant processes. It is of course positive that the EFTA States have already provided more technical input to the EU side on Europe 2020 (e.g. Working Group comments), but the EEA social partners and civil society organisations are of the opinion that more needs to be done also at the diplomatic and political level.

28. In terms of concrete proposals, the EEA CC would suggest that the prime ministers of the EEA EFTA States submit a joint statement to their colleagues in the European Council well in advance of the June summit, expressing their views and possible concerns with the EEA relevant parts of the Europe 2020 proposal. This would be an important reminder that large parts of the new strategy will indeed be EEA relevant (although the EEA is not mentioned in the Commission proposal) and that the EEA cooperation should thus be further strengthened within the Europe 2020 framework. Furthermore, the EEA Council should include Europe 2020 on the agenda of its upcoming meetings, to allow for timely discussions also at the level of Foreign Ministers (the highest political level of the EEA institutional structure). It is important that Europe 2020 remains a key focus at these meetings in the future (during the implementation of the strategy).

III. Policy priorities

29. The Commission proposal suggests **three priorities** for the Europe 2020 strategy:

- ***Smart growth***: to develop an economy based on knowledge and innovation.
- ***Sustainable growth***: to promote a more efficient, green and more competitive economy.
- ***Inclusive growth***: to foster a high-employment economy delivering social and territorial cohesion.

30. In broad terms the priorities of Europe 2020 are similar to those of the 2005 Strategy for Growth and Jobs, and correspond to the three pillars – economic, social, and environmental – of the original Lisbon Strategy.

31. There are however some differences and there have been some gradual changes in emphasis if not priorities. On the environment, or “sustainable growth”, the growing concern over climate change has been reflected in the priorities. Concerning the “smart” growth envisaged in Europe 2020, there has arguably been a gradual shift towards greater emphasis on innovation and life-long learning. This is important for the EEA

CC since it advocated this in its resolution on lifelong learning from 2008¹¹. For those concerned with what they perceived as a lack of social dimension in the re-launched 2005 Strategy, the emphasis on “inclusive growth” and the implementation of this in the new Europe 2020 strategy will be especially important.

Headline targets

32. To measure the success of the overall policy priorities, the Commission has proposed **five headline targets**:

- **Employment**: 75% employment rate (as share of population aged 20-64).
- **Research**: 3% of GDP.
- **Climate and energy**: The 20/20/20 climate/energy targets already agreed (on emissions reductions, energy efficiency and use of renewable energy).
- **Education**: 10% reduction in early school leavers and 40% of those aged 30-34 with a tertiary degree.
- **Poverty**: 25% reduction of those living in poverty (defined as being below 60% of the median income), which would lift 20 million out of poverty.

33. Reducing the number of targets was one of the leitmotifs of the preparations of Europe 2020, which in the end resulted in five headline targets (or eight, depending on how one counts).

34. The headline targets were a contentious issue ahead of the March 2010 European Council. The EU Finance Ministers were critical of the research target, as it focuses on input rather than outcomes. A high-level group has been established to create more outcomes oriented innovation targets, to be presented in autumn 2010.

35. The issue of targets was raised again at the Spring Summit on 25-26 March 2010. While Member States agreed more or less on the Commission proposal with regard to the three first headline targets above, some Member States had objections with regard to the education and poverty headline targets. Germany and the UK raised concerns about the former on subsidiarity grounds, as the regional authorities in Germany (Länder) have considerable competences in this area, and the UK has not yet set its own education targets.

36. With regard to the poverty targets, some Member States objected that this is not an EU competence (it is mentioned as a shared competence in Article 151 of the new Treaty). It could also be difficult to agree on common standards for “measuring” poverty as Member States use very different targets for this. More fine-tuning and adaptation can thus be expected with regard to both the education and poverty headline targets in the coming months.

37. For the EEA EFTA States, this is not irrelevant. Education is one of the policy areas in which they have been especially active within the framework of the Lisbon Strategy (as part of the OMC process). One could thus foresee that what the EU Member States agree in this area could possibly have an indirect effect also on policy considerations in the EEA EFTA States. There has also been considerable EEA

¹¹ EEA CC Resolution and Report of 15 May 2008 on “Lifelong Learning: A Key Component for Growth and Jobs” (Ref. 1081646)

cooperation on poverty and social exclusion, e.g. EEA EFTA participation in the European Year for Combating Poverty and Social Exclusion 2010, and new developments will be of interest to the EEA EFTA side.

38. The biggest change with regard to the new targets proposed by the Commission is that in contrast to the structural indicators of the Lisbon Strategy for Growth and Jobs, the new indicators are suggested to be EU-level targets, with different targets from Member State to Member State depending on their initial positions. This method was used for the 20/20/20 targets first introduced in the EU climate and energy package of 2007. At the March Summit 2010, the European Council agreed that Member States will set their national targets, taking account of their relative starting positions and national circumstances. They will do so according to their national decision-making procedures and dialogue with the Commission to ensure consistency with the EU headline targets. The results of this dialogue are meant to be examined by the European Council at the June Summit¹².

39. This new approach to targets could possibly make a comparison with the EEA EFTA States more complex. EEA relevant *legislation* involving EU headline and national targets could be especially challenging, with the EU and the EEA EFTA States having to negotiate the EEA EFTA national targets as part of the incorporation process into the EEA Agreement (e.g. renewable energy). But also with regard to more non-binding policy coordination there could be some challenges, for example as to what targets the EEA EFTA States should propose and compared to what (EU headline or national targets of specific and comparable Member States?), and whether this should, or would have to be done in dialogue with the EU side.

40. The work on the hundreds of structural indicators, in which the EEA EFTA States have been included, will continue, although they will not be used as political targets. Indeed, these indicators are likely to be expanded to include also statistics from other third countries such as the US and Japan to enable international comparisons which is highlighted in the Europe 2020 proposals.

Flagship initiatives

41. Finally, in order to reach the above-targets, the Commission has proposed that Europe 2020 will focus on **seven flagship initiatives**:

- Innovation Union
- Youth on the move
- A digital agenda for Europe
- Resource-efficient Europe
- An industrial policy for the globalisation era
- An agenda for skills and jobs
- European platform against poverty.

42. These seven flagship initiatives appear at first glance to be similar to the policy packages which appear to have become the preferred form of EU policy initiatives, containing several inter-linked proposals using both legally binding and non-binding instruments covering several related policy fields.

¹² European Council Conclusions, Brussels 26 March 2010 (EUCO 7/10)

43. But the flagship initiatives arguably go beyond the regular policy packages by including actions at both EU and national levels. They will also receive stronger political backing with so-called thematic summits taking place in the framework of the European Council every year (the first such summit is proposed to take place in autumn 2010 on research and innovation). While the flagship initiatives, like most of the Europe 2020 proposals, are still in early development, one could foresee that an across-the-board strengthening of the two-level approach (EU and Member State level) could possibly pose a novel challenge for the EEA EFTA States.

EEA CC comments on priorities, targets and flagship initiatives

44. Much of the criticisms of the Lisbon Strategy and its successors have focused on what many would consider relatively predictable critique of the weight given to the different priorities. While trade unions have complained about the lack of social dimension, business and employer federations have been concerned with the lack of measures to enhance competitiveness, and environmental NGOs with a too weak environmental dimension. These different views will naturally be reflected also within the EEA CC where it will be difficult for members to agree on all aspects of the Commission proposal. However, as a point of departure, the EEA CC wishes to underline the importance of a genuine balance between all three pillars envisaged in the new Europe 2020 strategy: between the social, economic, and environmental dimension, or inclusive, smart, and sustainable growth.

45. With regard to Social Europe, it should be underlined that this does not only mean integrating people into the labour market and increasing employment. While the latter is crucial, and a key contributor both to growth and poverty reduction, it is important also to find ways to include people who do not work any longer, do not work yet, or do not work at all. Social Europe thus has to be more than flexicurity and employability and also include the fight against social exclusion and poverty, and increased social cohesion. In this context, the EEA CC welcomes the EEA EFTA participation in the European Year for Combating Poverty and Social Exclusion 2010 and the new period of the EEA and Norwegian Financial Mechanisms 2009-2014, and within this, especially the new priority area for decent work and social partner cooperation. While initialled, the agreement on the new Financial Mechanisms has not yet been signed. The EEA CC encourages the EU and EEA EFTA States to do so as soon as possible so that the implementation of the new period could commence.

46. It is not the purpose of this paper to comment on all priorities in the Commission proposals, but to rather highlight issues of specific interests to the European organised civil society and especially social partners in an EEA context.

47. Further strengthening research and innovation in Europe is of utmost importance, including the completion of the European Research Area, better framework conditions for business to innovate, European Innovation Partnerships, and stronger EU instruments. It is especially important to strengthen research and innovation in climate and energy related technologies that can contribute to jobs and growth, and give Europe a competitive edge in new green sectors (e.g. EEA CC resolution on green jobs from

2009¹³). The EEA CC welcomes the efforts to create a “fifth freedom” in the Internal Market by removing barriers to the free movement of knowledge and underlines the EEA relevance of this. The EEA EFTA States already participate extensively in the EU Research Programme and would naturally be covered by new “freedoms” added to the Internal Market. It is important therefore that the EU works with the EEA EFTA States to enhance cross-border mobility of researchers, further implement higher education reform foster scientific excellence, launch new world-class research facilities, and promote mutual recognition of qualification.

48. The EEA CC also emphasises the importance of the flagship initiative “Youth on the move” and encourages EEA EFTA participation in this as a continuation of and in addition to the already close EEA cooperation through the Youth in Action programme which was adopted by the EU on 15 November 2006 and incorporated into the EEA Agreement on 16 June 2007. The new flagship initiative is meant to enhance the performance and international attractiveness of Europe’s higher education institutions and raise the overall quality of all levels of education and training in the EU by promoting mobility of students and trainees and improving the employment situation of young people. The emphasis on quality of education is essential to integrate young people into the labour market, and the EEA CC has repeatedly underlined the need for more and better lifelong learning initiatives (e.g. EEA CC resolution on lifelong learning from 2008¹⁴).

49. The flagship “An agenda for new skills and jobs” builds on this and is of specific importance to the social partners and the work they have already undertaken on flexicurity. The Commission proposes to implement the second phase of the flexicurity agenda, together with the European social partners, to identify ways to better manage economic transitions and to fight unemployment and raise activity. To many the concept remains relatively vague and ultimately depends on implementation at national level. It is important for the social partners that the Commission proposes to strengthen their capacity and make full use of the social dialogue at all levels. The emphasis on better cooperation between labour market institutions in the Member States including public employment services is also important and should continue to involve institutions in the EEA EFTA States as well. The EEA EFTA States are already covered by a lot of labour market (e.g. working time, posting of workers), training/education (European Qualifications Framework), and mobility (EURES) legislation and initiatives, and it is important that the EEA cooperation continues with regard to all aspects of skills and jobs.

50. The EEA CC notes with interest the proposal by the Commission to make the Single Market a key instrument within Europe 2020. It is no longer foreseen to be “just” a parallel strategy, but an integral part of a more comprehensive European growth strategy. This is naturally of importance to the EEA EFTA States since they are full members of the Single Market through the EEA Agreement. If the Single Market indeed takes on a more prominent role, this will make Europe 2020 both more relevant and more important for the EEA EFTA States. The latter should therefore monitor developments with regard to this aspect of Europe 2020 especially and increase their

¹³ EEA CC Resolution and Report of 26 May 2009 on “Green jobs; the importance of ambitious energy and climate policies for economic recovery and renewed growth” (Ref. 1089891)

¹⁴ EEA CC Resolution and Report of 15 May 2008 on “Lifelong learning: A key component for growth and jobs” (Ref. 1081646)

internal coordination vis-à-vis new EU initiatives including the upcoming “Monti report” on the Single Market (report by the former Commissioner Mario Monti) which is expected in May 2010.

51. The Commission has called for a new momentum and genuine political commitment to re-launch the Single Market. For the EEA CC it is especially important that more emphasis is put on correct and timely implementation of Internal Market legislation in the Member States and increased cooperation between Member States’ administrations. The Committee has also called for increased information to economic operators, specifically smaller companies, on the opportunities in the Internal Market. The EEA CC would also like to emphasise especially the importance of access for SMEs to the Single Market and the need to develop entrepreneurship by concrete policy initiatives. Without more entrepreneurship it is difficult to envisage a Europe developing new and better jobs.

52. Finally, with regard to the proposed targets, the EEA CC welcomes the general agreement in the European Council on 25-26 March 2010 on the first three headline targets (employment, research, energy and climate). They are all based on existing targets (although the employment target is higher than before (75% instead of 70%) but based on a slightly narrower age group). However, bearing in mind none of these targets were reached in the previous ten years of Lisbon Strategy reforms, the EEA CC reiterates the need for much more ambitious reforms within the new Europe 2020 strategy in order to reach the new goals.

53. With regard to the proposal and general agreement on a more differentiated approach, the EEA CC welcomes the fact that from now on individual needs, abilities, and starting points will be taken into account as basis for national contributions. The idea of a common EU target within which there will be flexibility to cater for different national conditions sounds indeed ideal on paper, however, the EEA CC foresees possible flaws in the practical implementation of the system (at least as described in the European Council Conclusions of 26 March 2010). The fact that Member States (in dialogue with the Commission) will propose the targets rather than the Commission could possibly make it hard to ensure effective coordination of national contributions. It could be expected that Member States will not necessarily think of their own proposals in connection with other national proposals or in connection with the overall headline target, but rather in connection with their own specific situation (what if the proposals for national contributions do not add up to the EU headline target?). The system, as is laid out by the European Council so far, would require a very strong and open dialogue with the Commission to ensure that the headline targets can be reached in a balanced and fair way.

54. Finally, the EEA CC welcomes the increased emphasis on output of targets in addition to input. When investing finances and resources on new reforms it is of course crucial that they are developed and implemented in such a way that they actually produce results in terms of smart, sustainable and inclusive growth. This would require increased focus on qualitative targets as well, e.g. not only count the number of new jobs but look at their quality. The Commission and the Member States should read

carefully the recommendations of the Lisbon Council with regard to more innovative indicators and how to best choose targets that will work for Europe¹⁵.

IV. Governance and actors

55. The Commission proposal envisages a two pillar governance system for Europe 2020: a thematic approach (priorities and targets) and country reporting. Integrated guidelines, including broad economic guidelines (micro and macro) and employment guidelines, will be developed, with the aim of a lower number than the current 24. National strategies will then be developed on the basis of these integrated guidelines. The Commission proposals further envisage annual reporting on Europe 2020, taking place simultaneously with the reporting for the Stability and Growth Pact, although this latter issue has been criticised by some Member States.

56. In terms of institutions and actors involved, it is proposed that the **European Council** will be the driving force behind the strategy, through annual spring summits focused on the strategy complemented by thematic summits. The 2005 Strategy for Growth and Jobs introduced the role of Mr/Ms Lisbon – typically a government minister – in charge of driving the process forward in each Member State. In order to raise the political profile of the strategy, it now seems that the Heads of State and Government will become their own Mr/Ms Lisbon. Since 2000, the Spring Summits have nominally been dedicated to the Lisbon Strategy. The Europe 2020 proposals envisage (at least) two EU summits annually dedicated to the strategy, by adding a thematic summit in the autumn.

57. It could be mentioned here that there are no formal links between the EEA EFTA States and the European Council. The question is, based on the points made above, whether a summit should be considered, bringing together the EEA EFTA Prime Ministers and the European Council.

58. The existing Council formations will follow-up the work of the European Council, inter alia through more extensive exchange of information on good practices. The Commission proposals say little about how the process will be managed at the level of officials and experts. Much of the critique of the Lisbon Strategy has been directed at the OMC as a process which was regarded as too bureaucratic. The OMC is indeed hardly mentioned in the Commission proposal for Europe 2020. Despite this omission, it seems clear that the practices associated with the OMC will play a central role also under the new strategy. This could be a very important issue for the EFTA side, as participation in EEA-relevant OMC's, in most cases in so-called flanking areas such as social policy and education was on occasion difficult to achieve by the EEA EFTA States, but where they have been involved, the effect has often been positive (e.g. education field).

59. It is intended that the national strategies under Europe 2020 should provide a clearer commitment to structural reforms than the National Reform Programmes under the Strategy for Growth and Jobs, by including detailed actions with time-tables. It is early days to analyse the impact of possible changes since the concretisation of new

¹⁵ The Lisbon Council: "Innovating Indicators: Choosing the Right Targets for EU 2020", by Ann Mettler, Issue 04/2009

proposals will only take shape after the adoption of the overall strategy, including EU headline and national targets. It is important that the Member States take the opportunity to present more ambitious strategies, even if they run the risk of getting more policy recommendations from the European Commission this way. Also, the EEA CC would reiterate its opinion that also the EEA EFTA States should implement reforms based on their own national needs.

60. The **Commission** is foreseen to make proposals for the strategy, monitor compliance and issue country-specific recommendations, followed possibly by policy warnings to individual Member States. It is also meant to continue to provide recommendations “across-the-board”, i.e. also in policy areas in which the Member States have the main competences, as introduced under the 2005 Strategy and has been practiced since 2007. A novelty compared with the previous incarnations of the strategy is that the Commission may also issue policy warnings to individual Member States if it has not responded to the recommendations of the Commission.

61. A greater involvement of the **European Parliament** is envisaged under Europe 2020, reflecting its growing prominence in EU policy-making in general and its enhanced role under the Lisbon Treaty in particular, which is relevant to many policy areas under the new strategy such as trade and the EU budget. In addition to providing an Opinion on the strategy, it is suggested that it could contribute jointly with national parliaments.

62. **National, regional and local authorities** are also envisaged a more prominent role, both in the elaboration of national reform programmes and of course to implement the strategy. A lot of the legislation developed under Europe 2020 will be implemented at local and regional level, this is not at least the case with Single Market/EEA relevant legislation, and it is therefore important that the local authorities are involved earlier in the shaping of this legislation.

63. Finally, greater involvement by **stakeholders** is also emphasised. This is of specific importance to the EEA CC. A public consultation has already taken place on the initial Commission proposals, which received approximately 1.400 contributions. It is not yet clear whether new methods for stakeholder involvement going beyond public consultations and the mechanisms involving the advisory bodies (the Economic and Social Committee and the Committee of Regions) in EU policy-making in general, will be developed, although the Commission proposals highlight the utility of exchange of good practices, benchmarking and networking as useful tools.

64. The EEA CC further recommends the EEA EFTA States and the EU to become more closely associated through exchange of good practices, benchmarking and networking, as highlighted in the Commission proposal, to forge ownership and dynamism around the need for reform. The EEA CC could be instrumental in taking initiative for necessary actions.

65. Reiterating a key point from its resolutions and reports on the Lisbon Strategy, the EEA CC underlines that Europe 2020 will only succeed and be implemented effectively if full account is taken of interests across all society, and if close cooperation is facilitated at local, regional, national, and European (EU, EFTA, EEA) level between relevant authorities and social partner and civil society organisations. In order for

Europe 2020 to be successful, it has to become more than merely an intellectual exercise, and involve real dialogue and involvement at all levels.

66. The social partners and civil society organisations will continue their focus on important reforms, and, as part of their own EEA cooperation, EFTA CC members will continue to participate as observers in relevant EESC groups and committees such as the Lisbon Strategy Observatory and the Single Market Observatory.

67. Furthermore, in order to be more concrete, the EEA CC would like propose that the EEA EFTA States and the EU consider extending their current arrangement for EEA EFTA national experts in the European Commission to also include other EU institutions and advisory bodies. Every year the EEA EFTA States agree on seconding a certain number of national experts to the European Commission as an in kind contribution to the running costs of the programmes in which they participate. In addition, there are bilateral agreements between the European Commission and the EFTA States on the secondment of experts on a voluntary basis. Such bilateral agreements are used in particular for secondments to the Research programme, but it should be looked into whether they could also be used to second experts to the secretariats of the European Parliament (Norway has had one national expert here in the past), the Committee of the Regions, and, especially important for the EEA CC, the European Economic and Social Committee. This would not only be a concrete example of how to strengthen the EEA cooperation within Europe 2020 and especially within the Internal Market, but would also respond to the proposal by the Commission to involve stakeholders more actively in the new Europe 2020 strategy.