

COMMISSION NON PAPER

EUROPE 2020: A NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH

FOLLOW-UP TO THE EUROPEAN COUNCIL.

Following the agreement at the European Council meeting of 25/26 March on the main elements of the new strategy for jobs and growth, the purpose of this non paper is to set out the Commission's views on the next steps regarding the finalisation of the strategy and its implementation.

Targets

For three of the five targets, namely the employment rate, research, and greenhouse gas reduction/energy the numerical rates have been established at EU level by the European Council so the next steps are to set national targets for the employment rate and for research (national targets already exist for climate action and renewable energy). The Commission has started work to establish an indicator for innovation intensity and aims to complete this work if possible at the same time as submitting its proposal on the flagship "innovation union", before the October European Council which will discuss research and innovation.

For education, the numerical rates should be set by the European Council in June. The Commission has proposed to fix a target for educational attainment which reduces the drop-out rate from school to 10% whilst increasing the share of the population aged 30-34 having completed tertiary or equivalent post-secondary education to at least 40%. Further work is required to define the appropriate indicators for poverty reduction/social inclusion so that the June European Council can take a decision. On these two targets, the Commission suggests that work should start on fixing national targets in parallel with discussion of the EU level indicators, using the Commission's proposal as a guide. This would help to show what is possible and highlight any methodological problems that need to be clarified.

Building on existing work the Commission is providing detailed analyses of the current situation of each Member State with regard to the targets and some methodological indications on possible projections of the targets to 2020.

Several Council working groups, namely EMCO, the Education Attachés and the Social Protection Committee will hold meetings in April to discuss methodological issues concerning the education, employment, and poverty/social inclusion targets.

As a complement to the sectoral work carried out at working group level, the Commission intends to organise, in coordination with the Presidency, a series of bilateral meetings with Member States to review the overall situation for the 5 targets. These meetings would take place in Brussels during the last week of April and the first week of May and should be co-ordinated through Coreper I. Each Member State will decide on its participants, the Commission will be represented by the relevant DGs together with the SG and DG ECFIN. The objective of these meetings is to discuss individually with Member States the national targets they intend to fix in each area and to discuss any specific issues they wish to raise. This dialogue should enable Member States to tailor targets to suit their particular situation, taking account of different starting positions, different growth potentials and country specific circumstances. In cases where it seems there may be a gap between the EU target and the sum

of the national targets, further discussion will be needed to examine how national or EU level action could bring the EU closer to the targets (without engaging in a burden sharing exercise).

The Commission will draw up a compilation of the results of the first round of dialogues in May (even if there may still be some gaps at this stage) as input to the discussions of the EYC (10/11 May), COMPET (25/26 May), TTE (31 May), EPSSCO (7/8 June) and ECOFIN (8 June) Councils.

Drawing on the above inputs, the General Affairs Council of 14 June should examine the work achieved so far on the targets, on the basis of a Presidency report, to prepare the European Council meeting of 17 June.

Integrated guidelines

The Commission is scheduled to adopt its proposal for integrated guidelines on 27 April. The integrated guidelines set out the framework for the strategy at Member State level. To ensure coherence and clarity, the guidelines will remain limited in number and reflect the European Council conclusions.

The Treaty provides that Member States are to regard their economic policies as a matter of common concern and coordinate them within the Council. In two distinct articles, it provides that the Council is to adopt broad economic policy guidelines (Article 121) and employment guidelines (Article 148), specifying that the latter must be consistent with the former. Given this legal framework, the guidelines for employment and economic policies will be presented as two distinct — but intrinsically interconnected — legal instruments; together they form the integrated guidelines for implementing the Europe 2020 strategy.

. In parallel to the discussions in the different Council formations, the European Parliament will be consulted, and will issue an opinion in particular on the employment guidelines. The June European Council will thus be in a position to endorse the guidelines politically, but their formal adoption by ECOFIN and EPSSCO will only take place once the opinion of Parliament on the employment guidelines is received, which may be after the summer break.

On the basis of the guidelines, Member States will draw up National Reform Programmes in the autumn setting out in detail the actions they will take under the new strategy, with a particular emphasis on efforts to meet the national targets and to remove the bottlenecks that constrain sustainable growth at national level. Building on monitoring by the Commission and work done in the Council, every year the European Council will assess the overall progress achieved both at EU and at national level in implementing the strategy. Macroeconomic, structural, and competitiveness developments and overall financial stability will be examined simultaneously.

Bottlenecks

The main bottlenecks constraining growth at EU level have been identified by the Commission in its communication "Europe 2020: a strategy for smart, sustainable, and inclusive growth", in particular in its section 3 entitled "Missing links and bottlenecks". The Commission will continue to develop its work on EU level bottlenecks, for example by providing an in-depth diagnosis of the 'missing links' and bottlenecks to set direction for a re-launch of the Single Market following on from the report that Professor Monti will make shortly to the Commission.

Dialogue between the Commission and Member States on the preparation of their national reform programmes will help to identify the bottlenecks on which Member States will focus, as well as the key measures needed to remedy them. Work on this has already started in the ECOFIN filière. The Integrated Guidelines will set out the framework for reforms at Member State level to remove the bottlenecks that constrain sustainable growth at national level. On the basis of these guidelines, Member States will present their national reform programmes in the autumn.

Flagship initiatives

The Commission will make proposals on most of the 7 flagship initiatives this year. Estimated dates of adoption for some of the flagships which will be presented this year are set out in the Commission's 2010 Work Programme, as follows:

- European Digital Agenda: mid May,
- Industrial Policy for the globalised era: September,
- Innovation Union: July, as input to the October European Council which will discuss research and innovation,
- Youth on the Move: June, and Youth Employment: November,
- New skills and new jobs: September,
- Platform against poverty: October
- Resource efficient Europe will be delivered through a number of different initiatives in the 2010 Commission Work Programme

At this stage, the above adoption dates can only be indicative, and may vary depending on state of preparedness. The respective Council formations will discuss and, in the case of legislative initiatives, agree in co-decision with the European Parliament on the Commission proposals.

Aligning the timing of the processes

The European Council has agreed that the timing of reporting and assessment according to the two processes should be better aligned, in order to enhance the overall consistency of policy advice to Member States. To fully preserve the integrity of the Stability and Growth Pact (SGP) the legal instruments will however be clearly separate.

The exact timing of the reporting and assessment should be agreed at the June European Council to leave enough time for the preparation of the national reports. This requires the examination of several options. The Commission will prepare a proposal which should be

discussed by EPC (20 May) and EFC (27/28 May), before the ECOFIN Council takes a view on the most appropriate option in June.