

Europe 2020: A European Strategy for Smart, Sustainable, and Inclusive Growth

As Europe emerges from an economic crisis that is unprecedented in this generation, long-term challenges—globalization, pressure on resources, and aging populations—are intensifying. Europe now faces a moment of transformation.

Europe 2020 is a strategy to help Europe emerge stronger from the crisis and prepare the EU economy for the next decade. The European Commission—the executive arm of the European Union—has identified three key drivers for growth, which will be supported through actions at both EU and national levels: **smart growth** (fostering knowledge, innovation, education and digital society), **sustainable growth** (making EU production greener and more resource efficient while boosting competitiveness), and **inclusive growth** (enhancing labor market participation, skills acquisition, and the fight against poverty).

To achieve these three priorities, the European Commission has proposed five interrelated headline targets for the EU to achieve by 2020 and seven flagship initiatives to catalyze progress under each priority theme.

The European Council will direct the strategy, but all EU institutions will contribute to its implementation. Europe 2020 is the strategy to enhance Europe's competitive edge.

Challenges and Opportunities: The Need for a New Economic Strategy

The crisis has exposed Europe's structural weaknesses:

- Europe's average growth rate has been structurally lower than that of its main economic partners due to a productivity gap. Much of this is because of differences in business structures, lower levels of R&D investment, market barriers, and insufficient use of information and communications technologies.
- Europe's employment rates, at 69 percent on average for those aged 20-64, are still significantly lower than in other parts of the world.
- Demographic aging is accelerating and the EU's active population will start to shrink from 2013-2014, placing additional strains on existing welfare systems.

EU Actions: Europe 2020

Europe must act to maintain its position and **Europe 2020** confronts these challenges by setting five interrelated headline targets to be met by the end of the current decade.

- 75 percent of the population aged 20-64 should be employed.
- 3 percent of the EU's GDP should be invested in R&D.
- The "20/20/20" targets in terms of reduction of greenhouse gas emissions, renew-



able energy production, and energy efficiency should be met.

- The share of school dropouts should be under 10 percent and at least 40 percent of the population between the ages of 30 and 34 should have a degree or diploma.
- 20 million fewer people should be living below the poverty line.

In order to meet the targets, the Commission has proposed seven flagship initiatives. Implementation is a shared priority, and

Europe 2020: A European Strategy for Smart, Sustainable, and Inclusive Growth

participation will be required at all levels: EU, Member States, local, and regional.

- **Innovation union:** Re-focusing R&D and innovation policy on major challenges, and closing the gap between science and market to turn inventions into products. For example, a Community Patent to replace individual Member State patents could save companies nearly €300 million each year.
- **Youth on the move:** Enhancing the quality and attractiveness of Europe's higher education system by promoting the mobility of students and young profession-

als. Vacancies in all Member States will be more accessible throughout Europe and professional qualifications and experience will be properly recognized.

- **A digital agenda for Europe:** Delivering sustainable economic and social benefits from a Digital Single Market based on ultra-fast internet. All Europeans should have access to high speed internet by 2013.
- **Resource-efficient Europe:** Supporting the shift toward a resource-efficient and low-carbon economy. By meeting its 2020 targets, the EU will save €60 billion in oil and gas imports by 2020.
- **An industrial policy for green growth:** Enabling the EU's industrial base to become more competitive, promoting entrepreneurship, and developing new skills would create millions of new jobs.
- **An agenda for new skills and jobs:** Creating the conditions for modernizing labor markets, raising employment levels, and ensuring the sustainability of European social models when baby-boomers retire.
- **European platform against poverty:** Ensuring economic, social, and territorial cohesion by helping the poor and socially excluded and enabling them to play an active part in society.

Exit from the Crisis: First Steps Toward 2020

Europe 2020 objectives are based on a credible exit strategy from the financial crisis in terms of budgetary and monetary policy as well as direct support offered by governments to certain economic sectors. This strategy will focus on the following:

- **Reform of the financial system**
- **Smart budgetary consolidation for long-term growth**

Spotlight: Reform of the Financial System

Restoring a solid, stable, and healthy financial sector is crucial in the short term. Immediate objectives include:

- Implementing agreed reforms on financial sector supervision.
- Filling in regulatory gaps, promoting transparency, and increasing accountability, particularly concerning derivatives and market infrastructure.
- Completing a European rule book covering all financial actors to ensure full consumer protection.
- Strengthening the governance of financial institutions in the area of risk identification and risk management.
- Establishing an ambitious policy allowing for better management and prevention of economic crises.

- **Greater coordination within the economic and monetary union**

On the Web:

- **Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth:**
http://ec.europa.eu/growthandjobs/pdf/complet_en.pdf
- **Council Conclusions on Europe 2020-Brussels, 16 March 2010:**
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/113395.pdf
- **EUROPE 2020: An Overview:**
<http://ec.europa.eu/eu2020/pdf/annex1.pdf>
- **Press Pack: Europe 2020 - A New Economic Strategy:**
http://europa.eu/press_room/press_packs/europe_2020/index_en.htm

EU Fact Sheets are published by the
Delegation of the European Union
to the United States

2175 K Street, NW
Washington, DC 20037
202.862.9500

www.eurunion.org
email: delegation-usa-info@ec.europa.eu

For more information: <http://www.eurunion.org/eufacts>