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The Major Elements of the "Europe 2020" Strategy

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During its meeting held on 25–26 March 2010, European Council adopted the general framework of the "Europe 2020" strategy which is to replace the Lisbon Strategy after 2010. The new agenda will be based on the "3–5–7" construction: three priorities, five quantitative targets, seven flagship initiatives. During its creation, much attention was devoted to strengthening process of managing the strategy. The assumption by the European Council of the leading role in this area is essential for success.

Priorities. In keeping with the priorities that were proposed by the European Commission and which received the support of the European Council, the EU economy should be based on three pillars: knowledge and innovation (smart growth), the effective use of available resources (sustainable growth), and high employment and social cohesiveness (inclusive growth). This choice of priorities is a manifestation of the desire for a stronger emphasis on social and environmental issues due to, among other things, insufficient progress in implementing the Lisbon Strategy in these areas.

The realization of the above mentioned priorities is to be served by the seven flagship initiatives which are to encompass a number of initiatives carried out both at the EU and national levels. The most important of these include the "Innovation Union" (completing the construction of the European research space and improving innovative activities); a "Digital agenda for Europe" (the creation of a digital single market for online contents and services); a "Resource-efficient Europe" (building of a low carbon economy), and a "Agenda for new skills and jobs" (increasing the competencies of employees and the modernization of the labour market).

Targets. The European Council defined five quantitative targets for the future strategy, on the basis of which member states will adopt national targets adapted to their internal specificity. These needed to include aims related to energy and climate (20/20/20—the reduction of the emission of greenhouse gasses and the increase of energy efficiency and the use of renewable energy), or reaching an employment rate of at least 75% in the 20–64 age group (the target until now had been 70%). In the new strategy, the European Council agreed to maintain the target of research and development expenditure at 3% of GDP (this target was initially set during the EU summit in Barcelona in 2002). Doubts were expressed by the ECOFIN Council during its March meeting about the usefulness of this indicator. Critics point to the fact that this target does not take output into account but only measures input—an approach that does not give a whole picture of the R&D sector. In this context, the European Council requested the European Commission for the formulation of an indicator reflecting the intensity of R&D and innovation activities.

Participants in the EU summit reached a general consensus about the need to include in the new strategy a higher target for education levels (through the reduction of the percentage of people leaving too early their education and the increase of the number of people with a higher education) as well as a target having to do with reducing the number of people threatened with poverty. During its June meeting, the European Council is to adopt indicators related to these targets (the Commission proposes that the percentage of people leaving their education prematurely should amount to no more than 10%, the percentage of people aged 30–34 with a higher education to at least 40%, while the reduction in the number of at risk of poverty people should be by over 20 millions). In the case of the target related to education, difficulties with its details were in large measure caused by the resistance of Germany (supported by Austria, among other countries), where educational policy lies within the competence of the Lands and where, for this reason, agreement to specific aims requires the reaching of an internal understanding.

In relation to the target of reducing the at risk of poverty, the doubts of several countries were caused by the EU's formal possibilities of action in this area (on the basis of Art. 153 of the Treaty on the Functioning of the European Union—TFEU, the EU has supporting and complementary competencies in various social policy areas), and also difficulties with its effective measurement.

Programming. The governance structure of the new strategy proposed by the European Commission reflects the need to reconcile actions taken within the framework of the fiscal exit strategy (serving to reduce the deficit and public dept) with initiatives that the new agenda. It is made up of two pillars: the so-called thematic approach and country reporting. The thematic approach will include actions helping to reach the quantitative targets of the new strategy. At the national level the main document for their implementation will be the national reform program prepared on the basis of integrated guidelines encompassing Broad Economic Policy Guidelines (BEPG, Art. 121 section 2 of the TFEU) and Employment Guidelines (EG, Art. 148 of the TFEU). It has not been decided for how long the guidelines will remain in force and, therefore, how long the national reform program will last (from 2005 on, it was three years). The Commission considers that the guidelines to be adopted in the second half of this year should not be changed until 2014, and this means that the period during which they would be in force would be similar to the present one.

Country reporting will relate to budgetary policy issues and to other macro-economic aspects, such as arising imbalances or macro-financial stability. The basic instrument in budgetary policy will be the Stability and Growth Pact. Within its framework, every year member states prepare and update stability and convergence programs which are presently part of national fiscal exit strategies. BEPG guidelines will be another key instrument.

Monitoring and Evaluation. The two above mentioned pillars are to be connected through better synchronization of the processes of reporting and evaluating the national reform programs (until now, progress reports had been submitted to the European Commission in early fall) and stability or convergence programs (should be submitted normally by 1 December of any given year). In keeping with the proposal of the Commission, both programs would be submitted at the same time, in the last quarter of the year, and their evaluation would also take place at one time—prior to the EU spring summit. The monitoring process will include a report of the European Systemic Risk Board (the future macro prudential organ in the EU) about macro financial stability of EU member states. The recommendations concerning economic and employment policies adopted by the Council for each member state on the basis of Art. 121 section 2 and Art. 148 of the TFEU, respectively, are to be the key monitoring instrument.

Prospects. The most important condition for the success of the “Europe 2020” strategy is the real political will to implement it in member states. The European Council’s desire to play a central role in the process of the implementation of strategy—a desire confirmed by the announcement of the organization during its meetings of debates devoted to specific questions in the strategy (the first of them will concern R&D and will take place in October)—increases the chances that this condition will be met. It seems that such are the intentions of the European Council president Herman van Rompuy. The postulate of increasing the role of the European Council in the coordination of economic policy (which was included in the declaration of Euro zone states issued in connection with the drawing up of the framework for assistance for Greece) is also important in his context.

The ability of the European Commission to take steps to monitor and assess a progress will also depend to a considerable degree on the will of the European Council. A useful instrument in this area could be the warnings issued by the Commission on the basis of Art. 121 section 4 of the TFEU (this possibility was introduced by the Lisbon Treaty) in cases when member states fail to comply with the recommendations formulated as part of the BEPG by a set time.

The effective use of all instruments at the EU’s disposal (regulatory, financial, external trade policy) will also be important in order to obtain better results. The European Union's emphasis of the role played by the Cohesion Policy and the Common Agricultural Policy in supporting the implementation of the “Europe 2020” strategy is automatically related to the Multiannual Financial Framework (2014–2020). For Poland, the key issue is the continued promotion of the approach in keeping with which cohesion should be linked with competitiveness. At the same time, decidedly more attention should be devoted to other aspects having to do with the implementation of the future strategy, especially in connection with to the process of governance and task allocation between individual entities.