

# Resolution on EU 2020

2010/2591(RSP) - 08/06/2010

In preparation for the European Council in June, the Council adopted conclusions on Europe 2020 strategy for smart, sustainable and inclusive growth and jobs. It recalls that Europe 2020 is a central element in Europe's response to the world's worst economic crisis since the 1930s which has threatened macroeconomic and financial stability.

## Europe 2020 seeks to:

- address the immediate and longer-term needs of macroeconomic and financial stabilisation: the strategy provides the right framework for implementing strategies for exiting from short-term crisis support by combining the timely withdrawal of fiscal stimulus, real economy measures, and support to the financial sector with the phasing in of growth-enhancing structural reforms over the medium- and long term;
- tackle the challenges associated with demographic ageing, globalisation, and climate change, competitiveness concerns and macroeconomic imbalances, which pre-dated the economic crisis.

At the core of the new strategy is a framework for enhanced co-ordination of Member States' economic policies building on widened country surveillance which covers all relevant macroeconomic and structural policy areas in an integrated fashion. This strengthened framework should facilitate the immediate launch of exit strategies and address the urgent need for fiscal consolidation both in the short term and over the medium term, through growth-friendly budgetary consolidation strategies focused on expenditure restraint, and be combined with the implementation of long-term policies to tackle bottlenecks to growth.

**Main bottlenecks to sustainable growth:** the Council reaffirms the importance of identifying the most important national macro-structural bottlenecks to growth and welcomes the work undertaken in this regard by the Commission with Member States and the Economic Policy Committee (EPC) and the Economic and Financial Committee (EFC). It endorses the EFC and EPC report on identifying national macrostructural bottlenecks to growth and invites Member States to take these suggestions into account when setting out the bottlenecks in their National Reform Programmes.

In order **eliminate the bottlenecks**, it is necessary to: (i) create the right framework conditions over the medium- to long term at macro level to rectify budgetary and macro-financial problems as well as external imbalances; (ii) implement policies to unlock growth drivers with an impact at macroeconomic level, such as labour- and product market policies, as well as innovation, R&D, climate change and education policies.

**Targets:** the Council takes note of the progress made in determining the reference values for the European objectives of education and on developing indicators in the area of social inclusion. Headline targets should be part of the Integrated Guidelines. It also notes the progress achieved by Member States in identifying their national targets and it encourages the Commission to continue the work with national authorities leading to the setting of national targets in the next National Reform Programmes, which are consistent with identified macro-structural bottlenecks to growth.

The Council proposes that the **national headline targets** should be in line with the following principles:

- national targets should at the same time be ambitious and realistic;

- Member States have full ownership of their national targets without engaging in burden-sharing. However, the aim should also be broad coherence and consistency among the targets for each Member State but also at EU-level;
- all Member States should aim at making progress, but those with larger gaps should generally contribute more towards meeting the aggregate target, while being consistent with the need for fiscal consolidation;
- due account should be given to the interlinkages between targets, given that reaching one target may be helpful in reaching others;
- progress towards the headline targets should be reviewed regularly, and if necessary a midterm review should be conducted.

The Council underlines that priority should be given to policies at EU and national level that strengthen incentive systems for reaching targets and should be consistent with the fiscal consolidation commitments undertaken in the context of the Stability and Growth Pact. This is particularly important with regard to the R&D expenditure rate target (where principally private sector expenditure should increase), the social inclusion/poverty target (where increases in employment, for example for groups that are currently socially excluded, should contribute the lion's share of progress) and the energy efficiency target.

**Enhanced economic policy coordination and timing:** the Council welcomes the [Commission's Communication on reinforcing economic policy co-ordination for the EU as a whole](#) and for the euro area in particular. It welcomes the work of the Task Force established by the President of the European Council and looks forwards to its proposals, including for enhanced policy coordination and a strengthening of the Stability and Growth Pact.

The Council considers that surveillance under the Europe 2020 strategy and the Stability and Growth Pact should be organised in the following manner:

- the reporting in Stability and Convergence Programmes and in the National Reform Programmes should be better aligned and take into account guidance provided by the European Council. All these policy areas should be analysed in an integrated fashion;
- surveillance should be broader, deeper and more effective, with greater focus on substance and taking better account of the euro area dimension;
- surveillance should feed into policy making at national level and ensure overall coherence from the perspective of the EU and the euro area as a whole;
- the timing of reporting and policy guidance should consider the need for adequate preparation at national level and provide the best possible moment for assessing national fiscal policies, while respecting the role of national parliaments;
- interactions and complementarities between EU- and national-level policies should be fully exploited;
- any duplication of processes should be avoided and the reporting burden on Member States should be minimised.

**Measures to strengthen financial regulation and exit strategies :** the Council approved:

a report to the European Council on progress made in strengthening financial regulation in response to the crisis in global financial markets;

a report to the European Council on progress made in the development of an exit strategy for the unwinding of budgetary stimulus measures introduced in response to the economic crisis ([doc. 10251/10](#)).