



**COUNCIL OF
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COVER NOTE

from: The Presidency
to: Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject: Europe 2020 Strategy: Stocktaking
Communication from the Commission on "The EU 2020 Headline Targets"
- Exchange of views

Delegations will find attached a Presidency steering note on "Europe 2020: The Way Forward: strengthening, coordinating, implementing", with a view to the Council (EPSCO) meeting on 10 March 2014.

EUROPE 2020

The Way Forward: strengthening, coordinating, implementing

Presidency steering note

The EU Strategy for a smart, sustainable and inclusive growth is on its fifth year of implementation. Designed to be a multipurpose tool, and having as a base the enhanced coordination among the different levels of the European architecture and across different policy areas, it has placed a particular effort to enhance Europe's potential for sustainable growth, jobs and competitiveness. By setting common goals, the Strategy seeks to support reform, encourage investment and restore a competitive and productive Europe in a globalised world.

However, competitiveness and productivity are not ends in themselves. They are basic requisites in order to better our living standards, to support our societies, to protect the environment for the generations to come, to improve territorial and social cohesion.

Through its initiatives, Europe had managed to enhance its system of economic policy coordination. Yet the crisis has uncovered and expanded imbalances in the economic performance, and equally in the employment and social field. It has become clear that a well-functioning monetary union must be able to take into account and respond swiftly to the social implications of the reforms that are necessary to boost jobs, growth and enhance competitiveness.

The Europe 2020 Strategy has taken on board important social policy objectives to be pursued in a comprehensive EU policy approach. In the strategy, the EU has set headline targets for raising the employment rate, reducing early school leaving, increasing the proportion of completing tertiary education or equivalent and lifting at least 20 million people out of poverty. For the first time, the EU adopted quantitative targets on poverty.

These objectives put emphasis on the fact that the social and economic aspects of the Union are deeply interconnected and that both play a key role in the further development of the EU. Economic sustainability and macroeconomic balance cannot be accomplished without safeguarding the core of social achievements and promoting sustainable employment. Social aspirations of the population are to be taken into account when designing and implementing EU projects in order to support them.

Nevertheless, the financial turmoil and the ensuing economic crisis has made it harder to meet the Europe 2020 targets. Moreover, the implemented reforms and adjustment have hit some Member States specifically hard. Large sections of the population within these Member States have to face not only extended periods of unemployment but also more and more social exclusion.

The current situation requires stronger resolve to stay on course with the Europe 2020 objectives and continue delivering on it. Policy efforts should put greater emphasis on preventive social policies able to halt further worsening of the social conditions in the EU. Human capital investments and supporting the return to jobs of those out of the labour market has to be put at the centre in the implementation of various reforms.

After the stabilisation of the financial markets and as the economy returns to recovery, policies redressing the imbalances within and between Member States should become a shared priority. All efforts need to be made to sustain the emerging recovery and enlarge the opportunities for those excluded and to share the benefits of returning growth.

The Europe 2020 Strategy has now reached half of its life span. At this juncture it is necessary to assess what has been achieved, for what reasons other objectives have not been realised and focus on what remains to be done.

A contribution from the European Commission is expected to initiate the debates and analysis that should lead to a thorough mid-term review of the Europe 2020 Strategy. This mid-term review may possibly include a review of the Employment Guidelines, updated to reflect the current situation in the EU labour market.

Against this background, Ministers are invited to address the following issues:

- 1. Over the past years, the economic downturn has played against the objectives of the Europe 2020 Strategy. In particular regarding employment and social targets, developments have not supported the achievement of the desired results. How can the review process of the Strategy be structured and organised so that the interlinked targets can be mutually reinforcing?*
- 2. Based on the experience gained through the European Semester cycles, what are the main messages that the future employment guidelines should reflect? Do you think that the youth unemployment issue could be viewed as a cross-cutting priority in the guidelines for employment?*
- 3. Taking into account the nature of the competences involved, what changes should be considered both at Member States and EU level to reinforce initiatives and actions supporting the achievement of the employment and social targets in the remaining period?*