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NOTE

From: Presidency
To: Council

Subject: Europe 2020 strategy mid-term review
- Synthesis report

Delegations will find attached the synthesis report prepared by the Presidency on the discussions and the main political messages of the different Council configurations in relation to the mid-term review of the Europe 2020 strategy.

PRESIDENCY SUMMARY REPORT

Introduction

As announced in the Presidency roadmap (doc. 11645/14) presented to the General Affairs Council in its meeting on 23 July 2014, the Council has engaged in a broad political debate on the mid-term review of the Europe 2020 strategy in the second semester 2014. This report draws together the contributions of the ministers responsible for finance, employment and social policy, health, internal market and industry, research, transport, telecommunications, energy, environment, education, culture, agriculture and cohesion. It takes into account the conclusions adopted by the Council in the context of those discussions. It also draws on the discussions within the Council regarding the Annual Growth Survey 2015 to the extent that they address the streamlining of the European semester.

All Council formations addressed the key issues of the review, namely the effectiveness of the implementation of the Europe 2020 strategy and the need for streamlining its governance. They also examined aspects specific to their area of competence.

Following a proposal from the Italian Presidency, the mid-term review of the Europe 2020 strategy was also discussed in the Tripartite Social Summit on 23 October 2014.

The key outcomes of Council debates are highlighted below. The Commission is invited to take these into account when preparing the mid-term review of the strategy. Incoming Presidencies are invited to reflect them in the planning of the European semester. The Council will revert to the Europe 2020 mid-term review in the spring 2015 as detailed in the roadmap of the incoming Presidency (doc 16496/14).

Key outcomes of the Council debates on the Europe 2020 mid-term review:

- The current Europe 2020 strategy on growth and jobs remains relevant and valid. The five headline targets are appropriate and reflect Europe's current key challenges for the next 5 years. Efforts should therefore focus on effective *implementation* and better use of existing tools in order to meet current targets and objectives. The creation of new or additional targets would risk undermining the effectiveness of the strategy.
- The economic crisis seriously affected economic and social development within Europe, and as a result, the ability to meet the Europe 2020 targets. Europe should therefore strive to be more ambitious regarding the refocusing of the strategy through a better balance between the fiscal and the real economy.
- More effective progress towards the Strategy's objectives could be achieved through ensuring a clearer and more specific link with the European Semester, in particular between its objectives and its instruments. This would help to promote the necessary structural reforms in all key areas of the strategy.
- In this context, there should be an improved governance framework with closer involvement of different sectors and actors in the European semester which would help ensure a more coherent implementation of the Europe 2020 strategy. Enhanced coordination and cooperation between the different cross-sectoral Council formations and their preparatory bodies would help to achieve this objective whilst maintaining a focus on growth and jobs. Overall, there should be a more balanced integration of the economic, social and environmental aspects.
- On a practical level, the Semester process should be improved in order to ensure the implementation of the Country-Specific Recommendations (CSRs). The reforms proposed in the 2015 Annual Growth Survey respond to many of the Council concerns and should be put in practice. Ways to further improve the process include: i) a revised timetable for the European Semester, allowing for an improved consultation process based on timely and appropriate information, ii) more focused Country-Specific Recommendations, iii) increased ownership and accountability by Member States of Country-Specific Recommendations (e.g. peer pressure, benchmarking), iv) where appropriate, a less prescriptive approach to CSRs with more flexibility for Member States in defining the measures to be taken and finally, v) sufficient monitoring and follow-up within the Semester.

- Europe 2020 flagship initiatives often had limited added value on the ground and produced mixed results. Flagships that have the most high added-value such as the Digital Agenda for Europe (DAE) and those in the area of R&D and Climate and Energy should remain in some form but there is room for their improvement. Broad policy frameworks and prioritisation of measures in each field were seen as important but not necessarily in the form of flagships.
- Areas that call for special attention in the review and further implementation in the Europe 2020 strategy include completion – and better integration - of the Single Market within the strategy, achieved through the mainstreaming of EU policies. This would help ensure that policies continue to focus on achieving growth, jobs and competitiveness and this would in turn recognise the potential of other sectors in contributing to the economy.
- In particular, the importance of the green economy and greening the European Semester was underlined. Moving towards a more resource-efficient circular economy could contribute to Europe's sustainable growth and competitiveness in a globalised world. Employment and social policies should also be mainstreamed in order to contribute to EU growth. Coherent economic policies should take into account social impacts and continue to promote an inclusive approach that takes into account education, well-being, the fight against poverty. By doing so, this will serve to promote a better quality of life, work and social inclusion which has been adversely affected by the crisis. The culture and creative industries could play their part, including promoting the necessary skills critical to the development of innovation and entrepreneurship across sectors. It has also been highlighted that, whilst respecting the principle of subsidiarity, also the sport sector has a valuable role to play, as an instrument of social cohesion and inclusion. A complete and efficient transport infrastructure network, with TENs being a powerful tool in exploiting the internal market and enhancing accessibility of all regions, a functioning Digital Single Market and progress towards an Energy Union are also instrumental in contributing to the economy. The contributions of all sectors (including for example research and innovation, sport, education, agriculture, telecoms and energy, cohesion policy) were also highlighted.

- Investment, both public and private, is key to achieving growth and jobs. This would be instrumental in ensuring EU's success in exiting the crisis and fundamental in meeting the Europe 2020 goals. Particular emphasis was placed on the need for more investment in people and skills to ensure their full preparation for the digital economy and other growth sectors. The Investment programme of Commission President Juncker is important and should be placed within the context of the European Council's Strategic Agenda, with particular action focused on growth. The Europe 2020 objectives should also be fully incorporated in the European Structural and Investment Funds.

Economic and financial affairs

The Economic and Financial Affairs (ECOFIN) Council held two debates on the mid-term review of the Europe 2020 Strategy and its implementation through the European Semester, on 8 July and 9 December 2014. The latest discussion was based on a joint EFC-EPC opinion (doc. 16228/14).

Ministers acknowledged that the Europe 2020 strategy represents progress compared to the Lisbon strategy and its achievements so far should not be underestimated. The focus of the strategy remains largely appropriate and a complete overhaul is therefore not warranted. Despite the likely difficulties in reaching all targets by 2020, the ECOFIN Council considers that they are still relevant and that the level of ambition should be upheld. Additional headline targets are not required to deliver the Europe 2020 objectives more effectively and could even lead to a loss in focus, creating conflicting priorities and overloading the policy agenda. Indicators evaluating the strategy's success at meeting specific targets should be simple, comparable and most importantly result oriented.

The Europe 2020 strategy is the response to structural weaknesses underlying low growth and productivity. It also reflects EU challenges related to global competition, ageing and the long-term sustainability of public finances, unemployment, poverty, greenhouse gas emissions and the promotion of a more efficient use of resources. The economic crisis has aggravated some of these problems, in particular low productivity growth, a reduction in economic growth potential and a surge in long-term and youth unemployment, resulting in an increase in social distress. The focus of the strategy should therefore be on swift and coordinated implementation of ambitious structural reform agendas aimed at increasing economic growth and employment in the short-term as well structurally improving the sustainable growth potential over the long-run.

More specifically, the ECOFIN Council concluded that the broad Europe 2020 objectives need to be better linked with relevant policy areas and instruments, notably the European semester and the CSRs. A better matching of instruments to goals would also entail examining existing Europe 2020 flagship initiatives more critically. Given the slow progress towards the headline targets, the flagship initiatives may need to be better focused on concrete actions. The Single Market is another instrument that needs to be given more prominence both at EU and at national level. Specific attention in this respect should be paid to further market opening and integration in services and network industries including energy as well as the promotion of a digital single market.

More ambition is needed regarding the implementation of structural reforms. CSRs are a key tool in this respect but their implementation is lagging behind. To improve the situation, the CSRs need to be more concrete and implementable and should be subject to more explicit prioritisation. Member States also broadly recognise that more monitoring and follow-up is needed within the European semester process. A more structured follow-up of the recommendations throughout the year would be beneficial in that respect.

Accountability of Member States could be further enhanced through strengthened peer pressure, sharing of best practices and benchmarking of policies. To support national ownership and better reflect the multilateral nature of the surveillance exercise, a broader discussion on the key horizontal policy issues should be considered. Overall, it was noted that ownership and peer pressure would benefit from a European Semester timetable allowing more time for analysis, dialogue with Member States and monitoring implementation of CSRs. The Commission's analysis underpinning CSRs should be published in advance of the draft CSRs to give Member States the opportunity to discuss them, as suggested in the Annual Growth Survey 2015. A greater effort could be made both at national and European level to engage in a structured dialogue with national parliaments and social partners, fostering the domestic policy debate on CSRs.

Employment and social policy

In the framework of the Europe 2020 mid-term review, the Employment and Social Affairs Council held a policy debate on 16 October 2014, including on the evaluation of the European semester. Furthermore, at the EPSCO Council on 11 December, following the presentation of the Governance package for the 2015 European Semester, ministers held an exchange of views on the Annual Growth Survey (AGS), the draft Joint Employment Report (JER) and the Alert Mechanism Report (AMR).

Regarding Europe 2020 strategy, ministers underlined that the Europe 2020 targets on employment and social inclusion are still relevant and should not be changed. What is needed now to achieve them is better use of existing tools and adaptation to existing conditions.

Ministers noted that crisis management had so far focused on fiscal consolidation and macroeconomic aspects, but that time has come for employment and social policies to be mainstreamed into all relevant policy areas. Coherent economic policies should take into account their social impact and focus on employment and social cohesion. There is consequently also a need for the governance structures to be more balanced, both at the committees' and at the Council level, where strengthened cooperation and better synergy particularly between EPSCO and ECOFIN are needed. The governance and the functioning of the EMU also require further developments of its social dimension.

Particular emphasis was put on the need for more investments in people and skills. To promote growth and support effective demand, public and private investment is required to get Europe's economy out of the downturn.

To reach the employment and social targets the EU needs a stronger commitment to gender equality. The role of women in the labour market and within society as a whole has to get more attention in the implementation of the strategy.

There were mixed reactions on the effectiveness of the flagship initiatives. Some ministers considered they had no real impact at national level and that only those flagships which have demonstrated added value should be carried on.

To make progress towards the strategy's objectives, there is a need for a clearer and more specific link with the European semester. Several ministers broadly acknowledged the merits of the European semester, particularly its significant role in supporting the difficult structural reforms that Member States are undertaking. However, they recalled that some improvements are needed to make it more effective. These referred particularly to an extended timetable which would allow for a more substantive consultation process both within Member States, including all relevant stakeholders, and also with the Commission. Increased ownership of the CSRs, more room for manoeuvre for Member States in defining the measures and tools and less prescriptiveness of the CSRs, were also reiterated as important elements to address the "implementation gap" of the CSRs. More specifically, ministers indicated that the informal circulation of the analysis and Staff working documents of the Commission before their publication would be essential for ensuring proper bilateral discussions. They also positively evaluated the contribution of the scoreboard of social and employment indicators.

Regarding the Annual Growth Survey, the new three pillar structure of the 2015 AGS was expressly welcomed by a number of ministers. A majority of Member States are in favour of streamlining and simplifying the semester process. Some delegations would like these modifications to be implemented right away in 2015, while some others would prefer to await the results of the Mid-term review.

Increasing the ownership of the process was emphasised by many as an important objective. Concerns were expressed about the planned integration of the social and employment indicators into the Macroeconomic Imbalances Procedure, being under the ECOFIN remit. Respecting the competencies of the EPSCO Council, this might lead to overlap in the decisions making process. A two-year sequencing of the semester exercise and possibly joint EPSCO/ECOFIN meetings were suggested as possible further improvements of the process.

Health

In the framework of the Europe 2020 Mid-Term Review (MTR), the Council (EPSCO/Health Part) held an exchange of views on 1 December 2014.

Health ministers recalled that the health sector makes an important contribution to economic growth and employment, for example through longer working lives, higher productivity, a reduced cost burden arising from bad health, improved educational outcomes and social inclusion. As stated by the Council (EPSCO) in conclusions adopted on 6 June 2011 'investments in health should be acknowledged as a contributor to economic growth. While health is a value in itself, it is also a pre-condition to achieve economic growth'.

A number of delegations called for a better reflection of the role of good health of the population in achieving the objectives of the Europe 2020 strategy and some of its headline targets (such as employment, research and education). However, the addition of specific headline target or sub-targets related to health was not supported. Exchange of information and best practices with the objectives of improving sustainability and efficiency of Member States' health systems were considered the best way forward.

It was stressed that the organisation and delivery of health services and medical care and allocation of resources to them is in the competence of Member States, which needs to be respected in the European semester process, including in the Country-specific recommendations (CSRs). The cooperation between the Council preparatory bodies in the health sector and the **Social Protection Committee (SPC)** in assessing health-related CSRs needs to continue and be further strengthened. The conduct of a joint review, by these bodies, of the implementation of health-related CSRs should also be considered.

More attention at national level should be given to the outcomes that health systems deliver. To achieve this, it will be necessary to develop health indicators and promote the use of Health Systems Performance Assessment (HSPA). This has to be adapted to national circumstances, but exchange of best practices at the EU level on HSPA would be of added value. At this stage, there is no agreement to use HSPA in the formulation of CSRs.

There is also a need for greater coordination at national level between health ministries and other actors in the European semester process, in particular ministries of finances, employment and social protection.

Competitiveness

The Competitiveness Council held a policy debate in the framework of the mid-term review of the Europe 2020 strategy, focusing on Internal Market and Industrial Competitiveness on 25 September 2014 and on Research on 26 September 2014.

Internal Market and Industry

Ministers agreed that the objectives and targets of the Europe 2020 strategy were still valid. The mid-term review should not lead into a proliferation of new targets but maintain the focus on growth and jobs. In this context, the crucial role played by the Single Market and industrial competitiveness was underlined and ministers called for these to be firmly embedded in the strategy.

Several ministers called for a better linkage between the Europe 2020 strategy objectives and the European semester. Whereas the European semester and the CSRs as tools for implementing the strategy were appreciated, most ministers considered that the implementation of the recommendations has to improve. For this to happen, increased ownership by Member States was considered crucial. This could be achieved through enhanced dialogue with the Commission prior to the publication of the CSRs as well as a timetable that allows for proper involvement of national stakeholders. Streamlining the procedures of the European semester would also be useful.

Several ministers called for more focus on high added value sectors such as digital/high added value services, innovation, and key enabling technologies. The Investment Plan for Europe announced by Commission President Juncker, and then adopted on 26 November 2014, was also considered important in this context by some, who argued it should benefit industry focusing in particular on digital, transport and energy sectors.

The need for an enhanced role of the Council in its Competitiveness configuration was underlined by many, including a strengthened role for the High-Level Group for Competitiveness and Growth. In this context, several ministers called for a better coordination of the Competitiveness and Economic and Financial Affairs configurations of the Council.

Most ministers reconfirmed the crucial importance of research and innovation (R&I) as drivers for growth and jobs and welcomed, in this context, the Europe 2020 strategy mid-term review exercise and the new Commission Communication on "Research and innovation as sources of renewed growth" published in June 2014. Most ministers were of the opinion that the Europe 2020 strategy's 3% target of the EU's GDP spent on Research and Development should be maintained for its ambition, even if most Member States still lag behind.

Ministers also welcomed the emphasis on "quality" of R&I investment presented in the Commission Communication, with a smart focus on "how" and "where" decisions on R&I investments are made, at strategy, programming and institutional level. There was an overall understanding amongst ministers that in times where some Member States have a limited budget for R&I and have to undertake smart fiscal consolidation measures, R&I expenditure should be made more effective in order to have a greater impact, also considering non conventional measures, such as the "Juncker package" which by focusing on investment in new and innovative projects will complement Horizon 2020.

At the same time, these reforms have to be accompanied by growth-friendly measures and actions to fully realize the "European Research area", the "single market" of knowledge that will provide a new boost to the European economy thanks to a stronger research ecosystem and more job opportunities for all innovators, in particular women and young researchers. In this context, the Presidency stress the importance to extend the concept of a common research area to the Mediterranean Area. Some ministers also stressed the importance of ensuring a smarter and more innovation-friendly regulatory framework.

Some ministers considered the European semester as a necessary framework to promote R&I structural reforms, putting special emphasis on potential reforms in national research and education systems. In the context of implementing reforms and improving the quality of R&I investments, smart specialisation strategies were seen as the essential tool for focusing investments. Moreover, the optimisation of resources and joint efforts through alignment of national R&I agendas or Joint Programming were highlighted by many Member States, in particular to respond to the major societal challenges.

Several ministers considered the development of the human capital base as vital for the future of R&I in Europe. Education policy is a natural component of promoting growth, jobs and competitiveness, by linking the education and academia spheres with the needs of industry and the labour market as well as enhancing entrepreneurship, transferable and innovation skills. In this context, reference was also made to the importance of reducing the existing research capabilities gaps within the EU. Another aspect to be carefully considered is the relationship between Science and Society in order to ensure that our research and innovation is more and more "responsible", to recognize the role of society in stimulating innovation and to promote philanthropy for basic research.

Despite recent efforts by the Commission, ministers also considered that there is a lack of reliable output indicators, which makes it difficult to assess quality, efficiency and impact of R&I policies. Some ministers stressed the importance of a methodology to monitor not only R&I input but also outcome of R&I policies and measures.

All Ministers stressed that **Space** is certainly an area that we need to look at with more and more attention, because its huge potential in contributing to innovation, growth and citizens wellbeing. In this regard, the Council decided to work for the definition of a European long-term strategy on space research.

Transport, Telecommunications and Energy

Transport

On 3 December 2014, the Transport Council adopted conclusions on Transport infrastructure and the trans-European Transport Network (doc. 16363/14).

Following the public debate at the informal Transport Council of 16 and 17 September 2014 in Milano and the 'Jobs, Growth and Investment Package' proposed by President Juncker , the conclusions emphasise that investments in Transport infrastructure foster growth, competitiveness and employment , thus providing a key concrete contribution to the Europe 2020 Strategy mid-term review.

In its conclusions, the Council emphasises that a complete and efficient transport infrastructure network is a powerful tool for contributing to exploit the potential of the internal market and for enhancing accessibility of all regions.

In particular, the Council calls for:

- taking a balanced approach to sustainable public finances and growth, and for an openness towards innovative financing schemes to support the endeavours for completing the trans-European core network by 2030;
- mobilising the largest possible investment volume, concentrating the funds of the Connecting Europe Facility on the core network, combining them - where appropriate - with other EU sources, blending grants with innovative financial instruments thus attracting liquidities available on capital markets
- bringing forth - the MS in cooperation with the European Investment Bank and the Commission - a portfolio of projects with real European added value, thereby making concrete contributions to mobilising investment in the European economy;
- making full use of the core network corridor approach, namely through the work carried out by the European coordinators, to facilitate implementation and to set up sound corridors work plans;
- taking, where necessary, measures to ease legal or administrative obstacles –in fields such as state aid or authorization procedures – as well as to enhance transport policy framework conditions;
- placing due attention to the equipment of infrastructure to enable clean transport technologies and intelligent transport systems, to urban and transport nodes; investing not only in new infrastructure, but maintaining and rehabilitating the existing one to make infrastructure and the EU transport system as a whole more efficient and sustainable.

Telecommunications

The TTE (Telecommunications) Council discussed the mid-term review of the Europe 2020 strategy at its meeting of 27 November 2014. Ministers welcomed the review process and largely supported a continuation of the Europe 2020 strategy with the Digital Agenda for Europe (DAE) as one of its flagship initiatives although calling for it to be more focused on growth- and job-related actions.

The debate focused on the added-value of the strategy and its DAE initiative, and on possible adjustments in priorities for the remaining five years. It emerged that Ministers were broadly positive towards the strategy and noted the value of the DAE in raising the visibility of digital issues at EU and national level.

While acknowledging that progress has been made in a number of digital issues, as attested by the latest Digital Scoreboard, Ministers listed a number of areas where more needs to be done, areas which are largely in line with on-going priorities under the DAE:

- development of digital skills in light of the growing skill gap both on the user and provider sides and attracting young people to the ICT sector,
- support to start-ups/SMEs notably as regards the reduction of administrative barriers,
- addressing tax issues in relation to digital platforms,
- further efforts to complete the Digital Single Market, notably to facilitate e-commerce and improve security on Internet,
- reducing the digital divide between as well as within Member States (rural vs. urban areas),
- promoting the development of e-government and electronic access to public services especially cross-border, which calls for improved interoperability,
- supporting the further deployment of high speed broadband networks. In this respect, ensuring regulatory certainty is a prerequisite for investors. Several Ministers mentioned the potential of the €315 bn investment plan proposed by the Commission,
- more support to research and innovation, cloud computing and big data.

Ministers also suggested to develop public-private partnerships in order to accelerate progress and ease financing. They called for improved consultation procedures on CSRs between Member States and the Commission, under the European semester. They also invited, in the context of the review of the Europe 2020 strategy, to focus the DAE more on growth- and job-related actions, with a competitiveness angle.

Energy

The TTE (Energy) Council discussed the mid-term review of the Europe 2020 strategy at its meeting of 9 December 2014. Delegations welcomed the review process and largely supported a continuation of the Europe 2020 strategy although calling for it to be more focused on growth- and job-related actions.

On the basis of three questions on the added-value of the strategy, sectors to prioritise and on the contribution of the European Semester to the governance of the 2030 climate and energy framework, it emerged that delegations were broadly positive towards the strategy, noting its value in raising the visibility and facilitating the achievement of energy and climate objectives at national level as well as stimulating the creation of related jobs. It was important however to see the broader picture and look at related aspects, e.g. market integration, interconnections and network development, which were lagging behind.

Many delegations noted that energy efficiency, renewable energy, internal energy market and interconnections, the building and transport sectors, research and innovation, and investment in low-carbon technologies should be prioritised in the next five years. They also noted, however, that specific national circumstances and therefore, priorities should be taken into account. More importance should be given to the competitiveness and industrialisation dimensions, to which the Europe 2020 strategy should contribute. More systematic reporting on research and innovation would also be welcome.

Not all delegations could agree on the link between the Europe 2020 strategy and the 2030 framework for climate and energy. Some noted that the Europe 2020 strategy would have an impact on the achievement of 2030 framework while others did not see merit in adapting the Europe 2020 strategy to the 2030 objectives. In the same vein, delegations stressed the need to avoid duplications between the various governance processes (European Semester, 2030, Energy Union) likely to operate in parallel on similar subjects. It is also timely to look at the consistency of the Europe 2020 strategy with the Energy Union project.

On process, several delegations called for greater flexibility and for the possibility of greater consultation and involvement of national stakeholders as a means to achieve a co-ownership of the strategy by Member States. A more efficient delivery of the strategy would also benefit from closer cooperation among the sectoral departments concerned at national and EU level.

Environment

Following a public debate at its meeting on 28 October 2014, the Environment Council adopted conclusions on Greening the European semester and the Europe 2020 strategy (doc. 14731/14). The conclusions were inspired by the exchange of views held jointly by the environment and employment ministers at their informal meeting in Milan in July.

The adoption of conclusions on this topic represents a stronger political signal coming from the Environment Council, which held regular exchanges of views on greening the European semester in recent years. They provide a concrete basis for the Presidency summary report on the Europe 2020 strategy mid-term review as regards the environment and sustainability aspects of the strategy and its implementation.

The conclusions, and the ministerial debate, recognise that a greener economy contributes to long-term prosperity, and highlight the need for a transition towards a resource-efficient circular economy. Structural reforms, such as those called for by the circular/green economy, play a crucial role to ensure Europe's long-lasting growth and competitiveness in the present globalised world. Considering therefore that environment policies are important to solve the present challenges addressed by the Union's economic governance, the environmental dimension of the Europe 2020 strategy should be strongly reaffirmed.

In particular, the resource efficiency's potential for green growth and employment should be integrated in the strategy and the synergies between the different components of the Europe 2020 strategy should be reinforced. The conclusions also considers various instruments that may be applied to facilitate a transition to a more sustainable low carbon and resource efficient economy, such as shifting taxation from labour to pollution, energy and resource use in a budgetary neutral manner, the implementation of the polluter pay principle, green public procurement, eco design and eco innovation, synergies between Natural and Cultural capital to develop sectorial policies that integrate ecosystems and their services, support for resource-efficient process in particular in SMEs, development of green infrastructure and the phasing out of environmentally harmful subsidies.

The conclusions underline *inter alia* the need for:

- better integrating resource efficiency in the Europe 2020 strategy, including through the introduction of an EU non-binding aspirational target, (PRES to confirm)
- taking into consideration the principles of the circular economy and the potential for green employment in the European semester, if feasible as of 2015,
- conducting a more structured and regular reporting on green skills, employment and growth as part of the Joint Employment Report annexed to the Annual Growth Survey,
- further developing a broader definition of green jobs, and improving monitoring and reporting tools including a methodology to better account for progress towards resource efficiency at national level,
- developing a system to asses natural resources, biodiversity and the ecosystem services they provide (the EU "natural capital"),
- improving the Governance process of the Europe 2020 strategy by providing a strengthened role of the environment ministers in the European semester so as to ensure a balanced integration of the environmental, social and economic dimensions in this process.

Education, Youth, Culture and Sport

Education

Education ministers attending the Education, Youth, Culture and Sport (EYCS) Council on 12 December 2014 discussed the economic case for education in the context of the mid-term review of the Europe 2020 strategy.

Ministers agreed that the inclusion of education in the strategy was recognition of the fundamental role it plays in terms of developing skills and employability, strengthening innovation capacity and boosting competitiveness. This had contributed not only to the overall jobs and growth strategy, but equally importantly to improving education and training systems across the Union. While Member States' ownership of education and training policy remained essential, initiatives at EU level had demonstrated their ability to inspire and reinforce valuable national reforms, in particular the ERASMUS+ program, which offered the opportunity for a discussion on the added value of international mobility programmes through “structured curricular mobility experiences”.

With regard to the two-part headline target for education, i.e. reducing early school leaving and improving tertiary level attainment, many ministers emphasised the important part they had played at national level, particularly in terms of reducing the number of early school leavers. Many reported solid progress towards both parts of the target and supported maintaining these, although some added that qualitative indicators were needed as well as quantitative. As for other priorities in the coming period, several considered that more emphasis should be placed on some of the common challenges identified in the country-specific recommendations. These included the need to improve basic skills, to make vocational education and training (VET) more attractive, to promote work-based learning and apprenticeships and to increase opportunities for adult and second-chance education. A number of ministers also called for greater efforts to develop and promote digital learning, and to foster creative and innovative capacities through education.

Several ministers pointed out that education was not merely about preparing young people for employment, but that it had intrinsic value and a key role to play in promoting social cohesion and active citizenship. There was general agreement among ministers that education represented an investment in the future with potentially significant long-term economic and social benefits, although many acknowledged that, at a time of fiscal restraint, it was important to ensure that such investment was efficient in terms of learning outcomes. Several welcomed the fact that education and training were among the areas included in the Commission's recent proposal for a significant new investment package.

Finally, ministers highlighted the importance and usefulness of promoting cross-sectoral cooperation with other policy fields, as exemplified by the presence of the Trio employment ministers at the Council meeting and by the increasing collaboration with the **Employment Committee**. However, there was widespread agreement that it was essential to maintain a holistic approach to education in a lifelong learning perspective, beginning with early childhood education and continuing through to VET and adult learning, and that the EYCS Council formation should maintain responsibility for all of these areas.

Culture

The Education Youth Culture and Sport Council (Culture) held a debate among ministers of Culture on 25 November 2014 about the contribution of the cultural and creative sectors, including cultural heritage, to the goals of the Europe 2020 strategy.

The ministers emphasised that the cultural and creative sectors are a significant source of economic growth, the potential of which needs to be fully exploited by the Union as it seeks to return to the path of strong, sustainable growth, both in terms of GDP and employment.

The cultural and creative sectors - as well as culture-related tourism which is particularly important in some Member States - are in themselves highly significant economic sectors, with enormous potential for future growth and jobs. The Digital Agenda was particularly highlighted during the debate as a key area where progress must be accelerated, through reform of copyright rules and modernisation of the Audio-visual Media Services Directive.

But there is also a transversal, cross-sectorial effect: it is through culture that creativity is born and developed, and these skills are critical to the development of innovation and entrepreneurship right across the economy. New technologies can also be combined with the traditional skills base to develop new creative working and production methods.

The key role of culture as a means of building communities and strengthening the cohesion of societies, at a time when persisting levels of high unemployment is putting this cohesion under strain, was also underlined during the debate. Many ministers also recalled that although culture undoubtedly had economic value, it also had intrinsic value. Europe's rich and diverse cultural heritage, as well as being an inspiration for economically valuable creativity and innovation and a source of comparative advantage over other regions of the world, is also a key element of Europe's identity. As such it is vital that this cultural diversity be preserved.

Ministers considered that, in order to harness fully the growth and employment potential of culture, it is necessary to strengthen the links between culture and other policy areas, including education, finance, tourism and employment. However, there were differing views as to whether more formal integration into the European semester was necessary or desirable, particularly given that, under Article 167 of the TFEU, competence lies primarily with Member States in this domain.

Agriculture and Fisheries

The Agriculture and Fisheries Council held a policy debate in the framework of the mid-term review of the Europe 2020 strategy on 13 October 2014.

Ministers broadly agreed that the goals of the Europe 2020 strategy are still relevant, and should not be amended at this stage. They underlined the important role of agriculture in achieving the objectives of the strategy. This role should be better recognised. In many Member States, the agricultural sector has played a vital role in the economic recovery, by maintaining or even increasing jobs and growth in rural areas.

A number of ministers considered that the implementation of the Europe 2020 strategy could be improved further, and underlined the need for a more coherent approach. Measures to attain the headline targets, including the country-specific recommendations, should be complementary, aim to prevent overlaps and ensure consistency with the overall objectives. In this light, many ministers called for more flexibility, allowing Member States to choose the most appropriate means to achieve the targets. Several ministers also raised the question of ownership, stressing the need for more involvement of national authorities in the development of the CSRs to improve their implementation.

Many ministers found that the reformed Common Agricultural Policy (CAP) provides a comprehensive set of tools to support the attainment of all five Europe 2020 targets. In particular, the priorities of the Second Pillar of the CAP - Rural Development - have been developed on the basis of Europe 2020 objectives. In this regard, a number of ministers noted that the key for implementation at national level, and which they are working towards, is to ensure that the objectives of Europe 2020 are strongly embedded in the Partnership Agreements for European structural and investment funds. Agriculture would thus contribute to the implementation of the strategy in a consistent and coherent manner, alongside other economic sectors. Many ministers also underlined the importance of specific measures on innovation, education and training, and support for young people, farmers and SMEs. They recognised that one of the main challenges for agriculture is to increase youth employment and to enable the “generational swap over” with a specific focus on the demographic renewal in order to increase the competitiveness and the added value of the agricultural sector in the long term.

Cohesion

The General Affairs Council (Cohesion) had an exchange of views on 19 November on the contribution of cohesion policy to the preparation of the mid-term review of the Europe 2020 strategy.

The debate confirmed the importance of cohesion policy in the mid-term review of the Europe 2020 strategy. Ministers emphasised that the delivery of the objectives of the Europe 2020 strategy relies in particular on the new economic governance processes, on cohesion policy and the sectorial policies and their financing. Furthermore, the ministerial debate stressed that cohesion policy has been contributing to the delivery of the Europe 2020 strategy goals since the launch of the strategy, as shown by the findings of the Sixth Report on economic, social and territorial cohesion. In the current context, ministers underlined that, for the programming period 2014-2020, the new cohesion policy is fully aligned with the Europe 2020 strategy and its headline targets, and linked to the European semester and the EU economic governance process. The greater result-orientation was also mentioned as a way to better contribute to the implementation of the strategy.

Other messages stemming from the debate relate to the role that cohesion policy can play in promoting structural reforms, in the context of the reinforced link between cohesion policy and economic governance. Moreover, the suggestion of better highlighting the territorial dimension of the Europe 2020 strategy was made, reiterating the need for a further enhancement of the role of local authorities and for increased ownership of the CSRs. Member States and their regions are facing different challenges and have to make clear choices about their objectives, guaranteeing thus that investments are made in those areas that have a direct and immediate impact on growth and jobs. Ministers supported as well the need for transparent and regular policy reporting and monitoring.

Ministers stressed that there has to be a reasonable balance between the outcome of the review of the Europe 2020 strategy and the distinctive features of cohesion policy, which is mostly built around long-term, stable type of investments throughout the programming period. In order to address the implementation shortcomings of the strategy, its review needs to take into account the multi-annual programming cycle, the multi-level governance and territorial aspects and its logic of structural investments. At the same time, the cohesion policy contribution should allow for more leeway for Member States in shaping these measures and tools, notably the CSRs, which are often considered as being too prescriptive. The need for simplified procedures and for taking into account administrative burden was also mentioned.

Against this background, ministers signalled the need for cohesion policy to be more involved in the earlier stage of the European semester. Such an involvement would make more effective the contribution of cohesion policy to the delivery of the Europe 2020 strategy goals. It could also help ensure that the revision of the Europe 2020 strategy would take into account the programming experience and the strengthened connection of cohesion policy to economic governance. This involvement could also be one of the main issues to be addressed in the upcoming debates in the format of the cohesion dedicated session of the General Affairs Council.
