



POSITION PAPER - SUMMARY

S&D POSITION PAPER SUMMARY ON EUROPE 2020 STRATEGY

A REVIEW FOR SUCCESS

*OUT OF THE CRISIS - A BETTER
ECONOMIC MODEL FOR EUROPE*

Financing a better Europe

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1 INTRODUCTION

When it was adopted in 2010, the EU's ten-year growth and jobs strategy, Europe 2020, was based on the assumption that Europe could achieve a quick return to growth after the financial crisis that hit the EU in 2008. However, the proposed benefits of the strategy – reducing unemployment and social inequalities – mostly failed to materialise. In addition, the current policies on economic governance and austerity are not helping to fulfil the objectives of Europe 2020.

Today, as we approach 2020, it is time to assess what has worked and what has failed, without calling into question the overall objectives. We urgently need to refocus the EU2020 strategy to make it a success and shape the future face of the EU with a new model for growth. The transition to this new model must be rooted in the principles of sustainable development, including economic, social and environmental factors. The new growth model has to be based on social justice and on the creation of sustainable, quality jobs, not just on simply reducing unemployment. It also needs to recognise the importance of the single market as a fundamental tool to build a social market economy. At the same time, we must encourage our partners to converge with us, taking into account their specificities, culture and civilisation.

2 A PROGRESSIVE PARADIGM SHIFT

Over the last five to six years we have witnessed deep changes, both nationally and internationally, and on an economic, geopolitical, demographic, technological, environmental and sociological level. Our societies are being transformed by powerful trends such as:

- Climate change and resource constraints
- A new phase in the digital revolution

- Geographical re-organisation with global networks and the emergence of megacities
- Widening regional disparities
- Deep social changes
- Citizens' alienation from political institutions

These trends cannot be ignored, and indeed the potential they offer should be fully exploited and maximised to help the EU reach its objectives for sustainable growth, competitiveness, sustainable development, quality jobs and social inclusion.

3 STRATEGIC PRIORITIES

A central goal of the next phase of the Europe 2020 strategy should be creating a better framework for all EU member states to take advantage of these profound social changes. To move to a new growth model focused on quality jobs the EU must:

3.1 Foster energy transition and promote the circular economy

The targets for energy efficiency and renewable energies should be revised upwards significantly and must be binding for member states – regardless of progress in international climate change talks. The S&D Group proposed a much higher binding target of 45% renewables by 2030 (compared to the disappointing 27% agreed). As the overarching economic strategy for the union, a revised Europe 2020 strategy should develop a roadmap to achieve a decarbonised Europe and a circular economy by 2050. Clear milestones in 2020 and 2030 are needed to maintain and improve the EU's industrial leadership and prevent low-carbon 'leakage' to other regions.

In order to develop and put in place the necessary actions, and to measure progress, we need:

- a) Binding targets on increasing resource efficiency at EU level and in the relevant sectors, underpinned by a lead indicator and a number of sub-indicators on resource efficiency, including ecosystem services. These indicators should monitor resource consumption and footprint measurements for water, carbon, material and land-use (including imports and exports) and take into account the whole lifecycle of products and services.
- b) Suitable measures to address current policy gaps and market failures hampering the achievement of sustainable resource production and consumption.

3.2 Develop solutions for a progressive, digital society

The EU needs to develop an industrial policy which supports new and established European digital innovation and manufacturing. The Commission and European countries should focus on improving digital skills by including them in education curricula.

3.3 Promote innovation with investment in research and development, in manufacturing and in the digital, cultural and creative industries

In this context, it is of paramount importance to encourage close co-operation and dialogue between creative industries, universities and research centres to provide joint training programmes and lifelong learning opportunities. Both the private and public sector should work to upgrade skill levels and invest in human capital, quality education and research and development. The S&D Group will continue promoting beneficial interactions between education, culture, research and innovation.

3.4 Reduce social inequalities by strengthening investment in lifelong learning, healthcare, gender equality, youth participation, intercultural dialogue and social inclusion.

We need to invest more in education and good-quality training to help young people realise their potential and lead the EU into a knowledge-driven society. Highly skilled citizens will also help combat unemployment and build an inclusive and democratic society. The EU 2020 strategy contains ambitious targets, including a 75% employment rate for men and women, and reducing the number of people in poverty or at risk of poverty and social exclusion by at least 20 million by 2020. These developments should be positively combined with smarter labour migration policies.

4 FINANCIAL TOOLS

A successful EU 2020 strategy should include a broad investment strategy. Since we are far from achieving the employment and social targets, it is clear that financial resources are urgently needed to develop the right policies and achieve these objectives.

4.1 The EU budget is the most suitable tool to finance the EU2020 strategy

When the multiannual financial framework is revised it will have to address the financial needs of a recovering EU, fulfil social and environmental objectives and face the current political crises. The current framework should be more closely aligned with the updated Europe 2020 strategy and the next one should be co-ordinated with the next growth strategy and the European electoral cycle (2019-24). Furthermore, the EU budget should be made more stable, sustainable, predictable and more autonomous.

4.2 Own resources

The current revenue system for the EU (own resources) depends largely on levies from national budgets, which are often perceived as a burden by citizens and national treasuries. There is a need to reduce the reliance on expenditure from national budgets and create a genuine system of own resources with direct funding from other sources: a win-win-situation for member states and the EU. Finding viable solutions for reforms, with a mix of different revenue sources, must be a top priority.

4.3 National budgets

More investment is possible if EU countries adapt their public finances with counter-cyclical policies and make use of the existing flexibility clauses in the legislation, including for countries still following rescue programmes.

4.4 European Fund for Strategic Investments (EFSI)

More co-operation should be encouraged between the European Investment Bank (EIB) and National Promotional Banks and Institutions (NPBIs), as well as investment platforms, notably in the framework of the EFSI, to make use of their special skills and knowledge in the field of financing smaller businesses. This would mean supporting sustainable job creation to create quality employment and strengthen social, economic, cultural and territorial cohesion, encouraging social investment and reducing inequality through actions like improving public services and supporting job creation for disadvantaged groups.

4.5 European Investment

The EIB's key objective should be to provide funding for the real economy, fostering economic growth and job creation instead of only focusing on triple A ratings.

4.6 Capital market

The Capital Markets Union (CMU) can be a useful tool to diversify funding as a complementary alternative to banking credit, to tackle cross-border fragmentation and to achieve harmonisation. The financial system needs further regulation to make sure its focus is on supporting economic activity in the areas of innovation, sustainable development and quality jobs.

5 GOVERNANCE AND POLITICAL INSTRUMENTS

At the European institutional level, more systematic collaboration is needed between the European Commission, the European Parliament and the European Council, while respecting their political differences in terms of governance.

5.1 Integrated guidelines and headline targets

Each integrated guideline and each flagship initiative should have a clear lead from a committee in the European Parliament and a clear leading formation in the Council.

5.2 European Semester: country reports, country-specific recommendations, national reform programmes

The European Semester should become a tool dedicated to implementing the EU2020 strategy – as it used to be – and not the other way round. In addition, the single market must be the third pillar of the European Semester in order to ensure a clear set of priorities related to the real economy.

5.3 Role of the Commission, European Parliament and national parliaments

Completing the Economic and Monetary Union (EMU) will require much greater democratic legitimacy. We need to ensure that the European Parliament keeps up the pressure for an inter-institutional agreement on the European Semester. In future, the dialogue with the Parliament should start before the Commission presents its Annual Growth Survey (AGS) proposal. The Parliament should also develop its co-operation with national parliaments.

5.4 Role of social partners, civil society and sub-national levels of governance

Civil society can have a real impact through intercultural exchanges, people-to-people dialogue, peace-building initiatives and engaging citizens, and this can empower communities and involve them in decision-making. To this end, sustainable, structural support is needed for NGOs and other relevant organisations, including for small-scale initiatives at a grass-roots level.