

Europe 2020 Strategy – the Successor to Lisbon Strategy and a New Reference Framework of the European Economic Policy - Part I

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Abstract: *The aim of the European Commission was for Europe to have a leading role by year 2020, supporting competition and thriving thanks to a knowledge-based, connected, more sustainable and more inclusive economy, characterized by strong and sustainable growth and which ensures both a high level of employment as well as social progress. The general framework of Europe 2020 Strategy, as defined by the European Council, involves smart, sustainable and inclusive growth, which will ensure high levels of employment and productivity, as well as economic, social and territorial cohesion.*

Starting from this aim, the first part of the paper aims to present the reference framework of the European politics in terms of Europe 2020 Strategy, which was developed in March 2010, when the failure of the Lisbon Strategy was already visible. The priorities and objectives of Europe 2020 Strategy will be approached in terms of the way they are reflected in the policies of the EU Member States, in the second part of the paper.

Keywords: *smart, sustainable and inclusive growth, digital agenda, integrated guidelines*

Introduction

Starting with year 2008, both the European Union and the world had to face the worst global economic crisis since the 1930s to the present. Due to this crisis, much of the progress made by the EU since 2000 under the Lisbon Strategy was cancelled. The EU has faced and is still facing excessive levels of sovereign debt of the countries characterized by slow structural growth and high unemployment. Even though the economic situation has improved, especially in 2010, the economic recovery is still fragile and continuing the rehabilitation of the macroeconomic stability and redirecting the public finances towards a sustainable path is crucial for economic growth and employment. EU needed a new strategy, based on the enhanced coordination of the economic policies, in order to generate increased growth and employment.

The failure of the Lisbon Strategy and the economic crisis in 2008 led to a rethinking of the reference framework of the European politics; therefore, in March 26, 2010 the European Council discussed the ***new strategy for jobs and growth of the European Union***, based on the enhanced coordination of the economic policies, which would focus on the key areas where action is needed in order to stimulate the sustainable growth potential and competitiveness at EU level, agreeing upon the main elements, including the key-objectives that will guide its implementation and the possibilities of enhanced monitoring. The Heads of State or Government also exchanged views on competitiveness, a critical aspect of Europe's growth prospects, and discussed the state of the preparations for the next G20 summit. Also, regarding climate change, the European Council agreed on the need for a new dynamics within the negotiations and highlighted the subsequent steps.

In June 2010, after a broad public consultation that began on November 24, 2009 through the publication of the working paper *Consultation on the future EU 2020 Strategy* and ended on January 10, 2010 through the contributions from the Member States, national and community organizations, social partners, regional and local authorities, the business and academic environment, as well as NGOs, Europe 2020 Strategy was launched, being designed as a successor to Lisbon Strategy, which has been EU's reform strategy during the last decade and has helped the EU to face the recent crisis. Europe 2020 Strategy is based on its achievements, such as the partnership for growth and job creation, but also brings new elements in order to face the new challenges. This strategy is also based on the benefits that result from the existing coordination within the European Economic Recovery Plan as a response to the crisis by approaching the main constraints to growth at national and EU level, including those related to the functioning of the internal market and the infrastructure.

The general framework of Europe 2020 Strategy was defined during the informal European Council on February, 11 2010, which presented the view of the European Commission's President, Mr José Manuel Durão Barroso, regarding the new strategy as well as the view of the European Council's President, Mr. Herman van Rompuy. Subsequently, on 3 March, 2010, COM published the *Europe 2020 Communication - a strategy for smart, sustainable and inclusive growth*, which is Europe's economic growth strategy for the next decade. According to the document, Europe 2020 Strategy's **overall objective** is *the transformation of the EU into a smart, sustainable and inclusive economy, in order to provide a high level of employment and productivity and to ensure economic, social and territorial cohesion*. The general framework of the strategy (priorities, objectives, governance) was approved during the Spring European Council in March 25-26, 2010, which agreed for the aspects related to the reference values of the objectives regarding the improvement of education and the promotion of social inclusion to be discussed and agreed during the Summer European Council.

The COM paper proposed a thematic approach of the reforms, focused on three **priorities**: (1) *developing an economy based on knowledge and innovation - smart growth*; (2) *promoting a more sustainable and more competitive economy, based on the more efficient use of resources - sustainable growth* and (3) *promoting an economy with high employment, which generates social and territorial cohesion - inclusive growth*.

The aim of the European Commission was for Europe to have a leading role by year 2020, supporting competition and thriving thanks to a knowledge-based, connected, more sustainable and more inclusive economy, characterized by strong and sustainable growth and which ensures both a high level of employment as well as social progress. In order to achieve these objectives, Europe needs a strong and competitive industrial base, a modern services sector as well as the thriving of agriculture, the rural economy and the maritime sector. Given its role of initiator for building this society of the future, Europe can achieve significant benefits from the development of innovative and competitive products, the development of infrastructures of the future, the entry into new markets and the creation of new quality jobs. Thus, the EU will be able to keep having a leading role at global level, taking count of the new political framework in place and using to the maximum the new actors and the new structures established by the Lisbon Treaty, combining the openness that is necessary for ensuring constant economic dynamism with the compliance with the citizens' social and environmental concerns.

1. Priorities and Objectives of Europe 2020 Strategy

- **Knowledge based growth as a factor that generates value** - social cohesion and opportunities will be strengthened in a world where innovation makes the difference both in terms of the products as well as the processes, harnessing the full potential of *education, research and the digital economy*. The significant contribution to growth and job creation and to the development of innovation requires a new approach in terms of the *industrial policy* in order to support the industry by focusing more on sustainability, innovation and the human skills needed by the EU industry to remain competitive in the global markets.
- **Developing competencies within inclusive societies**, by acquiring new competencies that encourage creativity and innovation, entrepreneurship and a smooth transition from one job to another, which will be crucial in a world that will provide more jobs in exchange for greater adaptability.
- **Creating a competitive, connected and more sustainable economy**. The EU should be more effective in terms of competition and should increase their productivity by reducing the consumption of resources and non-renewable energy in a world where the price of energy and resources is high, and competition in these areas is growing. This will stimulate growth and will help achieve the environmental objectives, bringing benefits to all the economic sectors, from the traditional manufacturing industries to the new high-tech businesses. Modernizing and interconnecting infrastructure, reducing the administrative burden and speeding up the entry of innovations in the market are elements that will also contribute to achieving this goal.

In order to exit successfully from the crisis and to achieve the EU 2020 objectives, the European Commission also acknowledges the need for a strategy for convergence and integration, which acknowledges the *close interdependence* within the EU more explicitly:

- The interdependence between the Member States under the form of (positive or negative) spillovers of the national actions, particularly the Euro area;
- The interdependence between the different levels of government (EU, Member States, regions, social partners, multilevel governance);
- The interdependence between the different policies, between policies and instruments, as well as the importance of integrating the policies to the achievement of the overall objectives;
- Global interdependence - none of the Member States is big enough to keep pace with the emerging economies or to undertake this transformation process by themselves.

The *main objectives* of the strategy adopted by the European Council, which constitute common objectives that guide the action of the Member States and the European Union, are the following:

- *Achieving an employment rate of 75% for women and men aged between 20 and 64*, inclusively due to a higher participation of young people, older and low-skilled workers and a better integration of legal migrants;
- *Improving the conditions for research and development*, especially for the combined levels of public and private investment in this sector to reach 3% of the GDP. In this respect, the European Commission will develop an indicator that is meant to reflect the intensity of research, development and innovation;
- *Reducing greenhouse gas emissions by 20% compared to 1990 levels*; increasing the share of renewable resources in the final energy consumption by up to 20% and pursuing a 20% increase in energy efficiency. EU committed to decide upon moving to a 30% reduction by 2020 compared to 1990 levels, as its conditional offer against a global and comprehensive agreement for the period beyond 2012 stipulates, provided that other developed countries commit themselves to comparable emission reductions and that the developing countries contribute adequately according to their responsibilities and capabilities. In this respect, the EU and its Member States will implement their commitment to provide EUR 2.4 billion annually during 2010-2020 for a fast-start funding, alongside the contributions of other key players in the implementation of the Copenhagen Agreement. In this regard, the EU will initiate consultations on the practical ways of implementing fast start funding in specific areas;
- *Improving the education levels*, especially by setting the objective of reducing the school dropout rate and increasing the number of persons with higher education or equivalent;
- *Promoting social inclusion*, especially by reducing poverty.

In order to support the three priorities and reach the objectives, seven emblematic initiatives have been proposed as working tools, namely:

- **3 initiatives for smart growth:**

- *Innovation Union* (launched on October 6, 2010, seeks to establish the community, national and regional actions that are meant to ensure a strategic approach to innovation, by placing it in the centre of the European policy elaboration on medium and long term).
- *A Digital Agenda for Europe* (launched on May 19, 2010 and intended to contribute significantly to economic growth in the European Union by spreading the benefits of the digital era in the whole society. The agenda outlines the priority areas and the lines of action that will support the ICT sector to achieve the assumed objectives).
- *Youth on the move* (launched on September 15, 2010, outlines the lines of action that the Union and its Member States will focus on in the future in terms of developing modern education and training systems, tailored to the knowledge economy, which ensure the mobility of students and teaching staff).

- **2 initiatives for sustainable growth:**

- *Efficient Europe in terms of resource use*, in order to help decouple economic growth from resource use, to support the shift towards a low- carbon emission economy, to increase the use of renewable energy sources, to modernize the transport sector and to promote energy efficiency.
- *An industrial policy for the globalization era* (launched on October 28, 2010, meets the current needs of the industry, addressing the entire production chain, from infrastructure and raw materials to after-sales services, in order to support and maintain a strong, diversified and competitive industrial basis at European and Member State level).

- **2 initiatives for inclusive growth:**

- *An agenda for new competencies and jobs: the European contribution to total employment* (launched on November 23, 2010, represents the contribution of COM to the reformation of the labour markets within the Member States. The communication proposes actions aimed at increasing the citizens' access to the labour market, improving the quality of jobs and working conditions and creating new jobs).
- *The European Platform against poverty and social exclusion: A European framework for social and territorial cohesion* (launched on December 16, 2010 and accompanied by a working paper that includes a list of the most important key initiatives, establishing efficient and innovative actions for fighting poverty and social exclusion in a number of sensitive areas, based on the efficient use of the EU funds for social inclusion).

Following the adoption of the strategy during April 27 – May 6, 2010, in Brussels there was held a first round of trilateral meetings (Member States, European Commission and the Spanish Presidency) on the numerical values of

the national targets of Europe 2020. On April 27, 2010, as a result of the request of the Spring European Council, the European Commission published a *set of recommendations* consisting of **10 integrated guidelines** for Europe 2020 Strategy, of which six integrated guidelines regarded the economic policy and respectively four regarded employment. The integrated guidelines reflect the conclusions of the European Council and guide the Member States in terms of the development of future national reform programs.

The Summer European Council in June 17, 2010 confirmed the five objectives of the Europe 2020 Strategy and agreed with the indicators regarding education and social inclusion/ poverty reduction. The Council also supported politically *The integrated economic policy guidelines (agreed by the ECOFIN Council on July 13, current year)*. On June 30, 2010, the European Commission adopted the *Communication on strengthening economic policy coordination for stability, growth and jobs - tools for stronger economic governance in the European Union*. Communication focuses on: extending macroeconomic surveillance at European level, monitoring the national budgetary frameworks, strengthening the Stability and Growth Pact (SGP), introducing the *European Semester* and a system of sanctions and rewards for the Member States.

Finally, on July 13, 2010 the EU Council approved the recommendation regarding the *General guidelines on the economic policies of the Member States and the Union (2010/410/ EU)*, and on October 21, 2010 the EPSCO Council adopted *The conclusions regarding the governance of the European strategy on employment in the context of Europe 2020 Strategy and the European semester*, as well as *The Integrated Guidelines on the employment policies of the Member States*, which define the necessary reforms in the Member States in terms of education, training, social inclusion and the labour market.

2. Integrated Guidelines of Europe 2020 Strategy

The above-mentioned objectives cover the main areas which require immediate efforts as they are correlated and mutually reinforcing; they will contribute to the assessment of the progress achieved in the implementation of the strategy. While some of these objectives are reflected in the EU legislation, others are not of a regulatory nature and do not imply burden-sharing, they represent a common objective to be pursued through a combination of actions at national and EU level.

The overall coordination of the economic policies will be strengthened through better use of the instruments stipulated by Article 121 of the Treaty on the functioning of the European Union (TFEU) and the coordination in the Euro area will be strengthened in order to address the challenges it is facing, which are mainly generated by the sovereign debt crisis (Greece, Ireland, Portugal). At EU level, the European Commission will work to implement the strategy, especially through the seven "emblematic initiatives" that were announced within the communication regarding Europe 2020 Strategy.

According to the Treaty on the functioning of the European Union, the Member States will consider their economic policies and the promotion of employment as matters of common interest and will coordinate them within the Council. Two distinct articles state that the Council must adopt the broad guidelines of the economic policies (Article 121) and the guidelines regarding employment (Article 148), specifying that the latter must be consistent with the foregoing. Given this legal basis, the guidelines regarding employment and the economic policies are presented as two separate legal instruments – which are, however, intrinsically interconnected:

- A Council recommendation regarding the ***integrated guidelines for the economic policies of the Member States of the European Union*** - Part I of Europe 2020 Strategy Integrated Guidelines;
- A Council decision regarding the ***guidelines for the employment policies*** of the Member States - Part II of Europe 2020 Integrated Guidelines.

These guidelines, implemented by the above mentioned legal instruments, form the integrated guidelines for implementing Europe 2020 Strategy. "*Europe 2020 Integrated Guidelines*" set out the framework for Europe 2020 Strategy and the reforms at Member State level. In order to ensure coherence and clarity, the guidelines are limited in number and reflect the conclusions of the European Council. The guidelines are integrated in order to ensure that the national policies and the EU policies contribute greatly to achieving the Europe 2020 objectives. Their implementation in a synchronized manner will help the Member States benefit from the positive effects of dissemination of the coordinated structural reforms, especially within the Eurozone.

Europe 2020 Strategy should be based on an *integrated set of policies*, which the Member States should implement altogether and at the same rate, in order to achieve the positive effects of dissemination of the coordinated structural reforms. While these guidelines refer to the Member States, Europe 2020 Strategy should be

implemented in partnership with all the national, regional and local authorities, closely connecting the parliaments as well as the social partners and the representatives of the civil society, which will contribute to the elaboration of the national reform programs, to their implementation and the global communication regarding the strategy.

Europe 2020 Strategy is supported by a smaller set of guidelines, which replace the previous set of 24 guidelines and which are aimed at employment and approaching the broad economic policy issues in a coherent manner. The guidelines for the economic policies of the Member States and the Union are intrinsically linked to the guidelines for the employment policies. Together they form the "Europe 2020 Integrated Guidelines" and reflect the conclusions of the European Council. They provide precise guidance to the Member States on defining their national reform programs and implementing the reforms, reflecting the interdependences in line with the Stability and Growth Pact.

The guidelines will form the basis for any recommendations with national specificity that the Council may forward to the Member States or, in the case of the general guidelines regarding the economic policies, for warnings regarding the policies that the Commission may issue in cases of insufficient compliance with those recommendations with national specificity. All these guidelines should remain largely stable until 2014 in order to ensure that the focus is laid on their implementation. Europe 2020 Integrated Guidelines are the following:

Guideline 1: Ensuring the quality and sustainability of the public finances.

The Member States should implement the budgetary consolidation strategies in accordance with the Stability and Growth Pact and, in particular, the recommendations addressed to the Member States within the Excessive Deficit Procedure and/ or the memoranda of understanding, in case of supporting the balance of payment. The Member States should undertake a consolidation well beyond the threshold of 0.5% of the Gross Domestic Product (GDP) per year in structural terms until the medium-term budgetary objectives are achieved. Fiscal consolidation should start in 2011 at the latest, or earlier in some Member States where the economic circumstances make it possible, provided that the forecasts of the European Commission continue to indicate the fact that the economic recovery is strengthening and self-sustaining.

In designing and implementing the budgetary consolidation strategies, the Member States should favour those taxes that do not harm economic growth and employment and should prioritize the expenditure items that enhance economic growth, such as education, increasing competencies and employability, research and development (R & D), innovation and investment in networks, such as high speed internet, energy and transport interconnections. If taxes rise, this should happen, where it is possible, in conjunction with the measures that make tax systems more favourable to growth, by shifting the tax burden from the work force to other tax bases, for example the activities that damage the environment.

Moreover, the Member States should strengthen their national budgetary frameworks, should aim at enhancing the quality of public expenditures and improve the sustainability of public finances through a three directions strategy consisting of a fast pace of debt reduction, the reform of public expenditure related to age, such as health expenses, and should contribute to increasing the effective retirement age in order to ensure that public expenditure related to population ageing is financially viable, appropriate and socially accessible.

Guideline 2: Approaching macroeconomic imbalances.

The Member States should avoid unsustainable macroeconomic imbalances arising especially from the developments in current accounts, asset markets and the balance sheets of households and corporate sectors. The Member States with large current account imbalances rooted in a persistent lack of competitiveness or prudential policies and tax policies should address the root causes through actions upon the fiscal policy, the wage developments, the structural reforms regarding product markets and financial services, in the labour markets, in accordance with the guidelines for employment, or any other relevant policy area.

In this context, the Member States should encourage the proper framework conditions for the wage bargaining systems and labour cost developments that are consistent with price stability, the productivity trends and the need to reduce external imbalances. Wage developments should take into account the differences in competencies and conditions of the local labour market and should respond to the large divergences in economic performance between the regions within a country.

Guideline 3: Reducing imbalances in the Euro area.

Euro area Member States should take into consideration the large and persistent divergences in the current account positions and other macroeconomic imbalances as a matter of common concern and should take action in order to reduce the imbalances where necessary. The Member States of the Euro area that face large and persistent current account deficits that are rooted in a persistent lack of competitiveness should achieve a significant annual reduction in structural terms and should also aim to reduce the real unit labour costs.

Euro area Member States that face large current account surpluses should pursue measures that remove the structural impediments faced by the private domestic demand. Similarly, these Member States should take action regarding any other macroeconomic imbalances such as excessive private debt accumulation and inflation divergence. This is why macroeconomic imbalances should be regularly monitored within the Eurogroup, which should propose remedial actions when needed.

Guideline 4: Optimizing the support for R & D and innovation, strengthening the knowledge triangle and developing the potential of the digital economy.

The Member States should reassess the national (and regional) R & D and innovation systems, ensuring appropriate and effective public investment, and should guide them towards higher growth while addressing the major societal challenges (for example, energy, resource efficiency, climate change, social cohesion, ageing, health and safety).

The reforms should foster excellence and smart specialization, should promote scientific integrity, should reinforce cooperation between universities, public and private research institutes and companies, both domestically and internationally, and should ensure the development of infrastructures and networks that allow the dissemination of knowledge. The management of research institutions should be improved in order to make the national research systems more effective. In this respect, university research should be modernized, world class infrastructure should be developed, and career attractiveness and the mobility of researchers should be promoted. The national systems of financing and procurement should be adapted and simplified in order to facilitate cross-border cooperation, knowledge transfer and merit-based competition.

The R & D and innovation policies of the Member States should be developed in a community context in order to enhance the opportunities for pooling public and private resources in areas with added value, by exploiting the synergies with the EU funds, thus achieving a sufficiently large scale and avoiding fragmentation. The Member States should integrate innovation in all the relevant policies and should promote innovation in a broad sense (including non-technological innovation). In order to promote private investment in research and innovation, the Member States should improve the framework conditions – especially with regard to the business environment, open and competitive markets -, should combine the fiscal incentives and other financial instruments with the measures of facilitating the access to private funding (including venture capital), should boost demand, especially in eco-innovation (especially through public procurement and interoperability standards), should promote markets and regulations that are favourable to innovation and should provide efficient and accessible intellectual property protection.

In accordance with guidelines 8 and 9, the Member States should provide people with a wide range of skills needed for innovation in all its forms and should ensure a sufficient offer of graduates of science, mathematics and engineering. The school curricula should strive to support creativity, innovation and the entrepreneurial spirit.

The Member States should promote high-speed Internet as an essential way to accede to knowledge and participation in its creation. Also, the Member States should implement the appropriate framework conditions for the fast development of a single digital market, offering widely accessible content and online services. Public funding, including EU funds and instruments such as the structural funds, agricultural funds and rural development funds, should be targeted on areas that are not fully served by private investment. Policies must comply with the principle of technological neutrality.

The Member States should seek to reduce the operating costs of the networks by coordinating the public works; they should promote the implementation and use of modern services that are accessible online, inclusively through the further development of e-governance, electronic signature, electronic identity and the electronic market tools; they should support active participation in the digital society, inclusively through mass-media and digital literacy and should foster a climate of security and trust.

The main goal of the EU, based on which the Member States will set their national objectives, is to invest 3% of the EU's GDP in R & D by year 2020. An indicator that reflects the intensity of R & D and innovation is under development.

Guideline 5: Improving resource efficiency and reducing greenhouse gas emissions.

The Member States should decouple economic growth from resource use, turning environmental challenges into growth opportunities and making effective use of their natural resources. They should implement the structural reforms needed in order to be successful in the context of the increasing global constraints regarding the effects of global warming and the decreasing resources. In order to reduce emissions, the Member States should make extensive use of the market tools, including taxation, in order to support green growth and job growth, they should stimulate the use of renewable energy and clean technologies, which are resilient to climate change, and should promote energy savings and eco-innovation.

The Member States should slowly eliminate environmentally harmful subsidies and should ensure the fair distribution of costs and benefits, limiting exceptions to people with social needs. The Member States should use tools, non-regulatory and tax tools, including the energy performance standards for products and buildings, subsidies, preferential loans and “green procurement” in order to encourage a profitable adjustment of the patterns of production and consumption, to promote recycling and mark the transition to a low- carbon and resource-efficient economy and should ensure the progress of decarbonisation of transport and energy production, while maximizing the European synergies in this regard.

The Member States must develop smart, modern and fully interconnected transport and energy infrastructures, must use the information and communication technologies, in line with guideline 4, in order to ensure productivity gains, to ensure the coordinated implementation of infrastructure projects and to support the development of the markets for the open, integrated and competitive network industries. EU funds should be fully mobilized by the Member States in order to support these objectives.

The main goal of the EU based on which the Member States will set their national objectives, is to reduce the emissions of greenhouse gas emissions by at least 20% compared to 1990 levels or by 30%, if the context is favourable, by year 2020, to increase the share of renewable energy sources in the final energy consumption to 20% and to increase energy efficiency by 20%.

Guideline 6: Improving the business and consumer environment and modernizing the industrial base.

The Member States should ensure that the markets work for the citizens and consumers, should implement predictable framework conditions in order to ensure functioning, open and competitive markets for goods and services, especially by fostering the integration of the single market and effectively implementing the rules regarding the single market and competition and by developing the necessary physical infrastructure.

The Member States should further improve the business environment by modernizing the public administrations, reducing the administrative burdens, and by government interoperable e-government services, removing tax obstacles, supporting small and medium enterprises (SMEs), in line with the “Small Business Act for Europe” and the “Think small first” principle, ensuring stable and integrated financial services markets, easing the access to funding, improving the conditions for the application of the intellectual property rights, supporting the internationalization of SMEs and promoting entrepreneurship. Public procurement should be used to provide incentives for innovation, particularly for SMEs, while complying with the principles of open markets, transparency and effective competition.

The Member States should support a modern, diversified, competitive industrial base, which is efficient in terms of resource and energy use, partly by facilitating any necessary restructuring in full compliance with the EU rules regarding competition and other relevant rules. EU funds should be fully mobilized by the Member States in this context. The Member States should closely cooperate with the industry and the parties that are interested in contributing to strengthening EU's leading position and sustainable competitiveness in the context of sustainable development at global level, particularly by encouraging social responsibility, identifying the impediments and anticipating and managing change.

Guideline 7: Increasing labour market participation and reducing structural unemployment.

The Member States should integrate the principles of flexicurity approved by the European Council within their policies on the labour market and should implement them, making full use of the European Social Fund's support

in order to increase labour market participation and fight segmentation and inactivity, inequality between men and women, while reducing structural unemployment. The measures for enhancing flexibility and security should be both balanced as well as mutually reinforcing. Therefore, the Member States should introduce a combination of flexible and reliable working arrangements, active policies on the labour market, effective learning throughout life, policies that promote labour mobility and appropriate social security systems that ensure professional transitions accompanied by clear rights and responsibilities for the unemployed that actively seek work.

The Member States should enhance social dialogue and fight labour market segmentation using measures regarding temporary and precarious employment, underemployment and undeclared work. Professional mobility should be rewarded. The quality of jobs and employment conditions should be addressed by fighting low wages and by ensuring an adequate level of social security also for the people with fixed contracts or the self-employed. Employment services should be strengthened and open to everybody, including young people and those threatened by unemployment, through personalized services targeting the persons that are furthest from the labour market.

In order to increase competitiveness and participation levels, particularly for the low-skilled and in accordance with guideline 2 of the economic policy, the Member States should re-assess the tax systems and the social services systems and the capacity of the public services to provide the necessary support. The Member States should increase labour force participation through policies that promote active ageing, gender equality and equal pay and labour market integration of young people, disabled people, legal migrants and other vulnerable groups. The policies aimed at balancing the professional and personal life, by providing care at affordable prices and innovation in the organization of work should be directed towards raising employment rates, especially among youth, older workers and women, especially for keeping high-skilled women in science and technology. The Member States should also eliminate the obstacles that block the newcomers from entering the labour market, support self-employment and job creation in areas related to green and care jobs, and promote social innovation.

The main goal of the EU based on which the Member States will set their national objectives, is to increase the employment rate for women and men aged between 20-64 to 75% by year 2020, inclusively through a greater participation of the young people, older workers and low-skilled workers and a better integration of the legal migrants.

Guideline 8: Developing a skilled workforce, capable of meeting the labour market needs, promoting job quality and lifelong learning.

The Member States should promote productivity and employability through an adequate supply of knowledge and skills in order to meet the current and future demand in the labour market. Quality initial education and attractive professional training must be complemented with effective incentives for lifelong learning, second-chance opportunities, ensuring every adult the chance to progress in their qualification, as well as through targeted migration and integration policies. The Member States should develop systems for acknowledging acquired competencies and removing the obstacles to the occupational and geographical mobility of workers, they should promote the acquisition of transversal competences and creativity, and should focus their efforts particularly on supporting the low-skilled and increasing employability for older workers, while enhancing skill training and experience accumulation for the highly skilled workers, including researchers.

In cooperation with the social partners and the business environment, the Member States should improve the access to training, should strengthen education and career guidance, combined with systematic information on the opening of new jobs and opportunities, promoting entrepreneurship and the increased anticipation of the qualification needs. Investment in human resource development, skill upgrading and the participation in lifelong learning schemes should be promoted through joint financial contributions from governments, individuals and employers.

In order to support young people and particularly those who are not employed in the labour market or in education or professional training, the Member States, in cooperation with their social partners, should adopt help schemes for graduates to find initial jobs or continuous education and training opportunities, inclusively as disciples, and should rapidly intervene when young people become unemployed. Regular monitoring of the performance of professional upgrading and anticipation policies should help identify the areas for improvement and increase the reactions of the education and training systems to the labour market needs. The EU funds should be fully mobilized by the Member States to in order to support these objectives.

Guideline 9: Improving the performance of education and training systems at all levels and increasing participation in higher education.

In order to ensure the access to quality education and professional training for everybody and to improve educational outcomes, the Member States should invest efficiently in education and professional training, particularly in order to raise the qualification level of the EU workforce, allowing it to meet the changing needs of the modern labour markets. The actions should cover all the sectors (from early school education to higher education, education and professional training, as well as adult training), also taking into account learning in informal and non-formal contexts. Reforms should aim to ensure the acquisition of key competences that every individual needs for success in a knowledge-based economy, particularly in terms of employability, lifelong learning, or ICT skills.

Measures should be taken to ensure that the learning mobility of young people and teachers becomes the norm. The Member States should improve the transparency and relevance of education and professional training, particularly by implementing the national qualification frameworks that enable flexible learning pathways and by developing partnerships between the education/ training sectors and the business environment. The teaching profession should be made more attractive. Higher education should become more open to non-traditional students and participation in tertiary or equivalent education should be increased. In order to reduce the number of young unemployed people in the labour force market or in the education or professional training systems, the Member States should take all the necessary steps to prevent early school leaving.

The main goal of the EU, based on which the Member States will set their national objectives, is to reduce the school dropout rate to 10%, while increasing the share of population aged between 30-34 with higher education or equivalent to at least 40% by 2020.

Guideline 10: Promoting social inclusion and fighting poverty.

The efforts of the Member States to reduce poverty should be aimed at promoting full participation in the society and the economy and extending employment opportunities, making full use of the European Social Fund. The efforts should also focus on ensuring equal opportunities, also through the access to high quality public services at affordable, sustainable prices (including online services, in line with guideline 4), particularly health care.

Conclusions

The Member States should implement effective measures of fighting discrimination. Also, in order to fight against social exclusion, in order to empower people and promote participation in the labour market, they should strengthen social protection, the lifelong learning systems and active inclusion policies in order to create opportunities at different stages of people's lives and to protect them from the risk of exclusion.

Social security and pension systems must be modernized to make sure that they can be fully developed, in order to ensure adequate financial support and access to healthcare - thus providing social cohesion - while maintaining financial sustainability. Social protection systems should focus on ensuring income security during the transition and poverty reduction, particularly for the groups that are mostly exposed to the risk of social exclusion, such as one-parent families, minorities, people with disabilities, children and young people, older women and men, legal migrants and the homeless. The Member States should also actively promote social economy and social innovation in order to support the most vulnerable categories.

The main goal of the EU, based on which the Member States will set their national objectives, is to reduce the number of Europeans living below the poverty line by 25%, to eliminate poverty for over 20 million people.

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