



// THE FUTURE OF THE LISBON STRATEGY-THE EU 2020 STRATEGY

Contribution of the Portuguese Government

January 2010

The EU 2020 Strategy plays a central role in consolidating the European Project, combining a short-run strategy to exit the current crisis and a long-run strategy of sustainable economic development, while preserving and promoting Europe's humanist social identity.

We need an ambitious but realistic Strategy, against the background of an increasingly interlinked global economy and of deep societal and environmental challenges, aiming at leadership in key domains of its model of development – knowledge, Creative innovation, active citizenship, entrepreneurship and social responsibility. This will allow Europe to find sustainable solutions that integrate the social, economic and environmental dimensions.

We must commit to the Strategy at the highest political level, both in Member States (MS) and at EU level, but also at the level of regional and local communities. We shall have strong commitments that are bound to be monitored at each of these levels.

The Strategy must take the external dimension in its core to ensure that the EU has real capacity to influence the definition of regulatory frameworks and norms worldwide, to ensure a level playing field, and to promote the values upon which the EU project is built upon.

The Strategy must be endowed with the means (including the financial means at EU level) required to yield the outcomes to which the policies and instruments aim at.

A greater complementarity and coherence among the post 2010 Strategy and other EU development guidelines, such as the Stability and Growth Pact and the EU Sustainable Development Strategy will be necessary.

The Commission document supporting the public consultation is a good starting point, in particular as regards the three main lines of action. These should be translated into explicitly measurable objectives to a strong ownership by European citizens.

//Assumptions

- The scope of the Strategy must be clearly defined. We believe the economic, social and environmental dimensions assume equal importance if we are to achieve an integrated and sustainable development process.
- Coherence among European policies and strategies must be reinforced, both at the conception and implementation stages. This requires greater intra- and inter-institutional



co-operation, including between the various Council formations and between Commission services and Member States.

- An in-depth assessment of the Lisbon Strategy should be done, with a view to preserving its elements that constitute undisputed “added-value”, namely: (i) the innovative tools promoting coherence and co-ordination among policies, (ii) the inclusion of an ambitious and modern medium-run perspective for the development of the Union, and (iii) the capacity to adjust and to respond effectively to deep institutional changes.
- The quality of public expenditure must play a central role in the design of the Strategy, particularly given its impact on factor productivity as to ensure the sustainability of an approach taking into account the social challenges of an ageing population. Impact assessments show that the size of public administration is not in itself a critical factor, unlike the ability to ensure that economic and social systems are sustainable.
- The instruments at the service of the Strategy must ensure cohesion and solidarity, in line with the main principles of the Lisbon Treaty. The future Strategy must also give more relevance to the territorial and social dimensions. Indeed, economic, social and territorial cohesion must be promoted across the EU’s territory as a whole, as well as solidarity among Member States. In particular, the Treaty establishes the need to reduce disparities of levels of development among regions. Challenges the EU faces as regards territorial cohesion should not be overlooked, as they contribute to economic growth and ensure effective participation in the internal market. It is also necessary that measures take duly account of the specificities of outermost regions.
- The Strategy must be geared at the medium- to long-run without, however, overlooking the need to deliver visible results also in the shorter run. Monitoring should be designed so as to allow identifying clear outcomes overtime.
- The governance of the future EU 2020 Strategy and the mechanisms to implement it must be strengthened, by more closely binding both institutions and Member States.

// Scope

- The EU 2020 Strategy should reflect the ambition of the construction of a “knowledge based economy, globally interlinked, greener and more inclusive, with a sustainable and faster growth able to generate high level employment rates and social progress” as underlined in the EU2020 document, being a reference to other sectoral strategies within the EU.
- We must devise a Strategy that is effectively **at the service of European citizens and enterprises**. They need to understand its scope and results for greater ownership.
- The affirmation of the EU at global scale needn’t imply leadership in all domains, but in **strategic sectors** connected to technology, taking into account the European identity and specific potentialities. For instance, domains in which Europe faces a competitive threat, such as energy, population ageing or environmental quality should be transformed into



areas of opportunity and leadership. These areas include: renewable energy, new patterns of production efficiency, new answers in the healthcare and new-generation networks. Areas where Europe could show relative advantages comprise its own culture, its social model and even its own diversity: their potential should be explored.

- The **priorities** identified in the Commission's consultation document (Creating value by basing growth on knowledge; Empowering people in inclusive societies; creating a competitive, connected and greener economy) follow closely the priorities of the Lisbon Strategy, reorganising them and underlining the opportunities created by eco-efficient economy. We think that this continuity with renovation is a positive one, and it is crucial for reaping results – especially as it focuses on measures of a structural nature. Nevertheless, we consider important to introduce more innovation, namely in the design and implementation of actions and measures allowing those main objectives to be fulfilled.
- Considering that the major challenges faced by the EU have asymmetric impacts on the Union' territories, it is key that the **territory** is a component of this Strategy. This implies that the core objective of the Strategy should be to fully explore the competitiveness potential of all the Union's, contributing to the harmonious development of the EU and to maximise growth across the EU.
- The Strategy cannot be exclusively oriented towards the EU leading-edge areas, even if the most innovative or technologically developed enterprises and the most highly skilled workers have won their own place in the Strategy. Instead, the Strategy should address the whole **productive basis of the EU**, taking advantage of the Single Market and benefiting the most from public policy co-ordination among Member States. This is all the more relevant in a context of growing unemployment and where emerging companies and sectors are less labour-intensive than those operating now.
- The EU productive fabric is mostly formed by small and medium enterprises (SME), many of them being micro enterprises with great innovation potential. The Strategy should be addressed to improve operating conditions for **SME**, unlocking the necessary conditions allowing these enterprises to gain dimension, productivity and external competitiveness and reinforcing their employability potential. The establishment of **competitive poles** and regional clusters can be a driver for dynamic growth.
- The policy options assumed in the context of the EU **trade policy** must be taken in closer articulation with those taken in the framework of **industrial policy** (in a broad sense). This will require an unprecedented articulation between different Council formations and also within the Commission services. Actions such as the Raw Materials Initiative prove that the Union can not objectively underestimate the strategic importance of promoting the pre-conditions for **boosting the competitiveness of European enterprises** and this is above all an excellent example of how different policies should be oriented towards the same strategic objective. It could be worth assessing whether similar initiatives could be developed in any other key domains relevant for EU competitiveness.
- As regards sustainable development and going now beyond the economic dimension, the forthcoming EU 2020 Strategy should give more relevance to the **social and environmental dimensions**, as a means to address new and complex challenges – namely those resulting



from climate changes, labour market developments and demographic issues – but also to grasp new economic opportunities and new jobs. Therefore, the forthcoming EU 2020 Strategy must:

- Promote citizenship and equal opportunities for all;
 - Face the challenges and explore the opportunities to create and disseminate scientific and technological knowledge;
 - Promote non-segregating labour markets for skilled jobs, intergenerational social equity and also equality among different labour market participants;
 - Turn environmental problems into opportunities to create jobs, equity and wealth;
 - Promote the competitiveness of European enterprises by creating a new virtuous and sustainable articulation between the social, environmental and economic dimensions;
 - Ensure widespread growth of skills and competencies.
- Aiming at the affirmation of the EU as global player and an active partner in world governance, it is key to assign increased weight to **the external dimension** of the Strategy. Strengthening its external dimension will allow us to project the Union's policies and, in articulation with internal EU action, to enhance the potential for exploring each territory's competitive specificities. Europe must remain open to its trade partners, reinforcing regulatory cooperation and convergence and through the worldwide introduction of international standards of an economic, social and environmental nature, which should lead to reciprocal benefits.

//Priorities

- It is important to clearly define and ensure that both the instruments and policies at the service of the Strategy lead to **the achievement of** the established targets.
- The Strategy must be centred on **growth and jobs**. It should focus on implementing structural reforms, including those that explore the synergies among economic, social and environmental policies.
- The overall ambition of Lisbon Strategy has to be supported through the strengthening of internal networks and on framework conditions. Intelligent territorial management based on platforms for communication and integration of value will help us benefit from the potentialities of the internal market and help achieve competitive scale and leadership in international markets.
- Portugal considers that emphasis should be put on the following **priorities**: human potential, basic education, excellence in higher education and the EU's capacity to attract highly qualified human resources; reinforcement of mobility; R&D conditions, innovation and entrepreneurship, including social innovation; a more efficient functioning of the internal market; framework conditions increasing competitiveness and job creation and/or maintenance, exploring the potential of competitiveness in all EU territories and recognising the crucial role of SMEs; eco-efficiency and energy policy; modernisation of the



social system; facilitating the transition of the economic model with social protection and as factor for social inclusion; and the affirmation of the EU at international level.

- Arranging these factors according to the **three major thematic objectives** proposed by the European Commission, we further detail these priorities:

I. To create value basing growth on knowledge

- To focus on providing a **high-quality broad-based basic education, as well as on** ensuring the quality of all levels of teaching and learning, including vocational training systems and lifelong learning, bearing in mind the crucial role played by education as far as economic growth, individual development, the promotion of social cohesion and the exercise of citizenship rights are concerned. In this perspective, it is important to reinforce the transition between basic training of young people and life-long learning for adults, and ensure new opportunities are available for adults.
- To take advantage of **access to information and knowledge**, through the use of information technology and communication with tools for learning and dissemination of distance learning.
- To modernize and improve the teaching and learning processes and to open up **university and polytechnic education**, so that they play more efficiently their key role in promoting economic and social improvement in knowledge-based economies.
- To invest in **consumer education, in order** to change consumption patterns, in particular as far as the choice of “green” products and services is concerned, and to prepare consumers for the so-called “digital economy”.
- To inculcate **creativity, innovation and entrepreneurship** values since primary education.
- To strengthen “**initiative**” and “**innovation**” within the Union, through a better integration of research with education for entrepreneurship, risk taking and creativity.
- To develop the ability to attract talent and advanced training.
- **To strengthen scientific institutions**, specially in the form of networks and international consortia associated with higher education institutions and with companies.
- To encourage **programs that mobilize** the creation of knowledge in emerging areas, such as large-scale networks, Internet Technologies of the Future, creative and cultural industries, systems and technologies to support the quality of life and the extension of active ageing, as well as the biologic processes associated with ageing, the complex systems involving the mathematical foundations of large-scale systems and with high interactivity and interaction between biological and human sciences, as well as engineering, in order to ensure European leadership worldwide.
- **To increase investment in R&D and to promote scientific excellence, boosting basic and applied research**, in order to achieve, in a wider set of European regions, the patterns of knowledge creation and technological development observed in more advanced regions.
- To exploit the potentialities, talents and existing underused capabilities in all EU regions, developing **competitiveness capabilities** in appropriate areas, as key elements to the global competitiveness of Europe.



- **To promote the European policies concerning science, technology and innovation at the international level**, through effective co-operation with countries in other regions, in particular Asia, South America and Africa.
- **To promote a scientific and technological culture**, with international outreach and focused on stimulating the experimental teaching of science and technology.

II. Empowering people in inclusive societies

- Strengthening the **social dimension**, namely through the preservation and modernization of the **European Social Model** and through the response to the challenges of **demographic change**, taking into account fundamental aspects such as peoples' inclusion in society (and not only in the labour market), the fight against poverty and social exclusion, social protection and active inclusion, addressing labour uncertainty, devising birth incentive policies, addressing migrations and active ageing.
- Outlining more ambitious and innovative strategic guidelines for **employment**, able to address unemployment, particularly in the context of recent economic developments. The **creation of skilled jobs**, namely in emerging **sectors / activities** should be a priority over the decade – in particular, the creation and /or the transformation of jobs in environment-related sectors – the *green jobs* - and those related with personal and social services – *white jobs*.
- Fighting and improving the management of **unemployment** spells. Laid-off workers should be accompanied and receive guidance from an early stage, by reinforcing the capacity and the efficiency of **Employment Public Services**: The focus on competitiveness should not harm the Strategy's social dimension: reinforcing effective participation in the labour market is essential to improve productivity and innovation, promoting inclusion and fighting inequality.
- Fighting **unemployment resulting from structural modifications** of the European economies. This should be done by aiming in the medium- and long-run at the creation of a skilled and flexible work force; in an integrated perspective this implies worker **re-qualification, re-conversion and re-training projects**. A greater interaction between education and training institutions and the market needs will be key.
- Enhancing the complementarities between **active labour market policies and income support policies**, and monitoring and systematically assessing the achievements of the former.
- Making short-run anti-crisis employment policy measures develop into structural **reforms of the labour market**, aimed at stimulating the growth and competitiveness potential, encouraging labour supply and improving the functioning of the market labour, including the management of labour migration.
- Promoting **skilled employment** and continuing the improvement of **higher-quality work**, developing better working place conditions and the conciliation between family and professional life. In this context, it is also important to convert non-declared work into legalised work, a better framework for independent work and adequate protection levels of security and health.
- Ensuring the **management of transitions** over the course of peoples' life cycle - school / training/ employment/unemployment/ retirement. **Flexicurity** mechanisms should be duly embodied, promoting the articulation between different systems of employment and social promotion.



- Promoting the **articulation of job promotion systems and social protection systems**. This implies ensuring that social protection systems do not act as vested barriers to the free circulation of workers, but instead as an incentive to their mobility, ensuring the portability of acquired social rights.
- Supporting the **insertion of young people in the labour market**, preventing and fighting youth unemployment and precarious job hiring conditions, not only by supporting self-employment, (which is one among many other solutions), but also through increased social protection in the first years of their professional lives; removing barriers to job mobility in the European area ; matching training to the labour market needs at national and European scale;
- Creating a skilled and flexible work force, suitable to take a position in the economic activities, according to their evolution. Thus, one should seriously aim at **planning and prospective instruments and at the re-qualification** of the segments of workers whose jobs are more at risk, and this should be a financially supported and sustainable effort..
- **Preventing and combating poverty and social exclusion**, adopting, as much as possible, guidelines directed towards employability and improving their education /training and empowerment, aiming at breaking inter-generational poverty transmission cycles
- Promoting **social dialogue** and the engagement of social partners at all levels. Social partners could have a meaningful role in the ownership of the Strategy at Member State level, in the definition and anticipation of competence needs, in the anticipated and positive management of restructuring process, among others. In this respect, we must ensure that the community funds allocated to the fulfilment of the Strategy's objectives are adequate.

III Creating a competitive, connected and greener economy

- Ensuring a competitive, solid, modern, diversified and sustainable **industrial basis**. A Strategy covering 27 Member States aiming at growth and job creation cannot be based upon a limited number of regions/and or sectors, narrowing the productive basis. The creation of value, basing growth on **knowledge** and on **eco-efficiency**, should be the object of integrated and consistent public policies and mechanisms promoting the transfer of knowledge, with focus not only on eco-innovation capacity, but also on the technological empowerment of economic activities in general.
- **Improving the framework conditions to competitiveness**, sustainable growth and employment , through:
 - A more operational **internal market**. It is important to underline that investments in **infra-structures** allow the participation of all in the Single Market, independently of their geographic location, reinforcing the competitiveness potential of the whole Community. This is the case of internal networks (energetic, technological and digital) but also of the so-called “ classic” (physical) infra-structures;
 - A comprehensive **consumer protection policy**, as resulting from the Lisbon Treaty , especially given the development of the “ digital economy”
 - Better **regulation** with recourse to the available instruments, namely the impact assessment and cost-benefit analysis, a reduction of administrative burdens and the simplification of legislation;



- An effective application of the **competition rules**, namely as far as State aids are concerned;
 - An intensification of the EU's efforts in terms of **innovation** – stressing the need to reduce the gap between Member States on innovation and competitiveness, taking into account the different national realities;
 - Development of **competitiveness poles** and regional clusters, as a way to strengthen synergies and gain dimension and competitiveness capacity;
 - Consolidating an efficient **European Research Area**, effective and provided with the adequate resources;
 - A sustainable management of **raw-materials and resources**, as well as of the access to them outside the EU.
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- To support the development of **innovation in agriculture**, with a special focus on sustainability, diversity, ecosystems health and productivity, aiming at food independence and world hunger eradication, deforestation and green house gas emissions reduction, sustainability growth of primary production systems linked to the use of soil (food production, energy production, timber production, natural resources extraction, etc.) and populations' quality of life;
 - To highlight **energy issues**, as a major bridge between the Strategy's economic and environmental aspects. To reach the goals of environmental sustainability, energy security of supply and market competitiveness, the following measures aiming at reinforcing the central axes of this policy deserve a special attention: the creation of an effective internal energy market; a fast transition to low-carbon forms of energy; fostering renewable energies; defining energy efficiency measures; and strengthening the external dimension. A special focus should be put on EU energy supply security, quality and stability, and the driver role of renewable energies - including bio-fuels and technological innovation in the transition to a low-carbon economy. It is also important to underline that the participation of all Member States in energy networks, in diversifying energy sources and in ensuring energy security of supply across all EU regions (including the most peripheral ones) should be considered one of EU 2020 Strategy major concerns and should be subject to appropriate tools and actions;
 - The development of intelligent and modern transport and energy infrastructures should be suitably framed within a more comprehensive sustainable development policy, i.e., within the **development of more intelligent and modern territories**. Thus, it is important to underline the need for fostering the establishment and implementation of sustainable management of territorial policies, making them "greener".
 - To value the **European Maritime Area** in all its aspects (it should be noted that, as regards transports, this area is not mentioned in the identification of traffic management programmes);
 - To unlock the initiative potential of enterprises, particularly the one related to innovation, in order to increase **SME's contribution** to the European economy, namely in terms of job creation and long-run growth.



//Methodology and Governance

- Ownership of the process at highest level is key. The heads of State and Government at the **European Council** must identify the major common objectives to be adopted by Member States. Reckoning the diversity of national situations and starting points, they should attend to their specific features and levels of development. Also worth highlighting is the key role of the **General Affairs Council** as the Formation Preparing European Council meetings and co-ordinations sectoral Council formations.
- The **European Commission** must keep its central role in the overall Strategy, fostering its implementation and in line with its initiative prerogatives, presenting all relevant proposals.
- **Political ownership** of the Strategy at the highest level and involvement of the European and National Parliaments, social partners, regional and local authorities and stakeholders, and citizens must be reinforced.
- In this context, the dynamisation should be assured by the **National Lisbon Co-ordinators** network. This network of single contact points in national Administrations facilitate the task of implementing the Strategy acting in more close co-operation with the respective Heads of State and Government.
- It is key to establish a **limited number of common objectives** and clearly defined goals. Indicators must be carefully chosen from a short list, priority being given to those offering a dynamic and comparative/relative perspective on outcomes, in quantitative and qualitative terms. The monitoring of the Strategy should be proportionate and draw lessons on previous experience. Such a model would imply political previous decision ruled by consensus.
- The Strategy must continue making full use of the most adequate instruments, namely the definition of **Common Integrated Guidelines, the “Community Programme” and National Reform Programmes**. Both the open method of co-ordination and the exchange of best practices should also be maintained.
- **Initiatives at EU level** that contribute to meet the objectives of the strategy must also be presented and assessed in an objective manner, building upon the Lisbon Community Programme but with increased ownership by different institutions.
- Application of the Strategy at **national level** must take into account political cycles and be evaluated in terms of relative progress and degree of achievement of objectives subscribed by each Member State in the context of the EU’s achievements as a whole.
- **Co-ordination** based solely on guidelines might prove insufficient given the size of the challenges faced by the EU. Leadership of the EU2020 Strategy should be framed by the inclusive model underlying the **open method of co-ordination**; however, **other forms of co-ordination** could also be considered, especially when some objectives will not be reached without increased commitment. The Lisbon Treaty gives room for further



transversal and inter-sectoral co-ordination of the Strategy, at both European and national levels.

- The existing **mechanisms of implementation** – i.e. guidelines issued by the European Council, national and EU-level assessments, Commission recommendations to Member States – must be re-focused and strengthened, hence becoming tools for yielding outcomes. In this context, Portugal is ready to consider the introduction of more binding procedures.
- Strategies and their implementing policies must be **well articulated among each other**. Their focus and objectives should be made clearer so as to avoid overlaps in their design and monitoring.