

Tithe an Oireachtais
An Comhchoiste um Ghnóthaí Eorpacha

An 12ú Tuarascáil

**Tuarascáil maidir le Rannchuidiú an Chomhchoiste leis an
gCoimisiún Eorpach maidir leis an Straitéis don todhchaí
“EU2020”**

Feabhra 2010

Houses of the Oireachtas
Joint Committee on European Affairs

12th Report

**Report on the Joint Committee’s Contribution to the
European Commission on the future “EU2020” Strategy**

February 2010

Joint Committee on European Affairs

Report on the Joint Committee's Contribution to the European Commission on the future "EU2020" Strategy

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Working Document: Consultation on the future "EU2020" Strategy, COM
(2009) 647

Presentation made by Minister of State Dick Roche TD at the meeting of the
Joint Committee of 12 January 2010

Membership of the Joint Committee

Orders of Reference of the Joint Committee.

Joint Committee on European Affairs

Report on the Joint Committee's Contribution to the European Commission on the future "EU2020" Strategy

1. Introduction

The Joint Committee on European Affairs at its meeting on 12 January 2010 considered the European Commission's Working Document: Consultation on the future "EU2020" Strategy, COM (2009) 647. The Joint Committee heard a presentation by Minister of State Dick Roche T.D. followed by a question and answer session. The Joint Committee would like to thank the Minister of State for his continued assistance with its work. In light of the debate that took place the Joint Committee agreed to consider a Contribution to be sent to the European Commission expressing the Committee's views on the document.

At its meeting of 22 January 2010 the Joint Committee considered a draft Contribution and agreed that the draft (as amended at the meeting) be forwarded to the European Commission.

2. Decision of the Committee

It was agreed on 22 January 2010 that a copy of the Joint Committee's Contribution be laid before both Houses of the Oireachtas and that the Committee should seek a debate in both Houses on the report.

Bernard Durkan T.D.
Chairman

22 January 2010

Joint Committee on European Affairs

Joint Committee's Contribution to the European Commission on its Working Document: Consultation on the future "EU2020" Strategy, COM (2009) 647

1. Emerging from the current economic crisis and entering into a new sustainable social market economy which is smarter, greener and provides sustainable high-quality employment is the biggest challenge facing the EU in 2010. The Joint Committee welcomes the Commission's working document on the proposed successor to the Lisbon Strategy – the 'EU2020' Strategy. The Committee has considered the working document in detail, including through a public hearing with the Minister of State for European Affairs, Mr. Dick Roche TD. The following are the views of the Joint Committee on the approach and priorities of the proposed 'EU2020' Strategy. The Joint Committee asks the Commission to take the Committee's views into account as it prepares its formal Communication for the Spring European Council.
2. With the entry into force of the Lisbon Treaty, it is the Joint Committees firm believe that the new Commission have the potential to have a fundamental impact on the development and growth of the European economy and society and on the livelihoods of each European. The EU institutions, and in particular the new Commission, have a great responsibility to deliver the true potential of further integration and to fulfil the expectations of our citizens. There must be an inclusive, cohesive and collaborative approach to tackling the economic challenges facing all Member States. The EU needs to be more alert to the risks and dangers facing our economies and societies and respond more efficiently and effectively. Not to do so will only condemn us to repeating the same mistakes which have lead us to the current economic situation.
3. The Joint Committee believes that we must learn from the experience of the Lisbon Strategy, building on its strengths but also correcting its weaknesses. In this regard the Committee suggests that a clear process of identifying the specific obstacles and challenges that limited the effective implementation of the Lisbon Strategy should take place in advance of the drafting of the new 'EU2020' strategy

in order that these can inform the new strategy. It is clear that the Lisbon Strategy has not delivered its ambitious objective of establishing the EU as the most dynamic and competitive economy in the world. This ambition is still very much a work in progress. While this objective should still remain an overarching goal, the 'EU2020' Strategy should be more focused in its objective and more realistic in what it can achieve. The first priority must be to exit as strong as possible from the current economic crisis with a clear focus on creating and sustaining jobs.

4. The successor to the Lisbon Strategy should have a tight focus on a relatively small number of key objectives. The focus of the new strategy must remain on jobs and growth. The overarching objective should be the achievement of high quality sustainable employment and sustainable economic growth, based on a high level of competitiveness. The Commission and the Member States must resist any temptation to use the 'EU2020' Strategy as a vehicle for every policy idea. To do this would be to repeat the mistakes of the Lisbon Strategy and lead to an unwieldy policy instrument, unable to achieve its core objectives.
5. The Joint Committee agrees that the focus of the new strategy must be on creating employment. Therefore, there must be a greater policy emphasis on activation and training the unemployed. The Committee agrees that flexisecurity should be deployed to the full which should offer greater flexibility in the job markets and job mobility while at the same time providing security through life-long learning and appropriate social protection. The Joint Committee suggests that measures should also be explored which enable unemployed people receiving social security to use their skills and to contribute to society. Protecting a person's dignity is an important element to encouraging people to further develop their skills which is a key contributor to productivity growth and job creation. The Committee agrees that life-long learning is the key element to ensure good transition between jobs and occupations and in avoiding long-term unemployment leading to loss of human capital. In addition, the EU's evolving Immigration policy should be linked to the ongoing identification of the key 'skill-sets' required by labour markets across the Union in order to ensure that unpredicted shortages in labour supply do not occur in critical areas of the European economy.
6. The Joint Committee agrees that education must be a key focus of the new strategy and a priority for national governments. The high number of low achievers in

basic skills (reading, maths and science) needs to be addressed urgently in order to enhance the employability of young people and to bring them into the workplace after completing school. While recognising the pressures on public finances, this is not the time to reduce investment in education but is in fact the right time to sustain and increase investment in our young people and their education. This would be to the benefit of creating a knowledge based, inclusive economy which offers high-quality employment.

7. The focus of the new Strategy should not be just on creating new employment but should equally be on sustaining and protecting existing jobs. Measures should be found to support, including financially, viable businesses, in particular small and medium size enterprises. A key factor in this is ensuring that businesses have access to capital and credit. The strategy needs to tackle the challenge of restoring our financial system so that banks begin lending again to our business sector. Without this working capital, many viable enterprises will be forced to close with the resultant job losses.
8. The Joint Committee welcomes the Commission's position that Europe needs a strengthened and competitive industrial base, a modern service sector and a thriving agriculture, rural economy and maritime sector. The Committee strongly believes that Europe must have a diverse economy if sustainable growth is to be achieved. While the Committee agrees that the focus of the new strategy should be on 'smart', knowledge based employment, it should not over-estimate the potential of this area. Employment opportunities must be diverse, incorporating all sectors of the economy. While acknowledging the challenges presented by globalisation to the manufacturing sector, efforts must be made to sustain a functioning manufacturing and industrial base. In addition, more support needs to be given to traditional and indigenous industries, in particular tourism and food production. These sectors sustain huge numbers of jobs and have the potential to create more employment. They should not be ignored by an over-emphasis on the smart economy.
9. However, the Joint Committee does not underestimate the potential provided by investment in the smart, knowledge based economy. The Committee therefore welcomes the Commission's emphasis on research, innovation and creativity. The EU must deliver a more efficient, effective and well-resourced European Research

Area. The Committee agrees that the EU needs to increase its research efforts by pooling resources, jointly developing major research infrastructure and accelerate the practical benefits of research for Europe' businesses and SMEs. The Committee suggests that the 'EU2020' strategy place a particular emphasis on supporting and developing SMEs across the Union, and that instruments, such as the Small Business Act and microfinance facilities be used to achieve this objective. Europe should aim to become a world-leader in research and development which will mean greater investment in our universities and public-private partnerships. The Framework Programme 8 (FP8) will need to be properly resourced and should be integrated into the new 'EU2020' strategy in order to ensure a coherent and joined-up approach. The Committee believes that important linkages exist between the areas of research and innovation within the EU and that, in particular, increased attention and resources should be targeted at the area of innovation.

10. The Joint Committee agrees that the EU needs to provide more attractive framework conditions for innovation and creativity including through incentives for the growth of knowledge based firms. As referred to earlier, access to credit is a problem which needs to be addressed urgently. The EU should seek to create an entrepreneurial environment which encourages ideas and sound risk taking and presents self-employment and business creation as a real alternative. This means that the EU must be creative in its regulatory approach but also put in place the conditions for sustained investment in an infrastructure which encourages business creation. In particular, there needs to be greater investment in the digital economy and in particular fast and accessible broadband. By 2020, the EU should have 100 per cent high-speed broadband coverage. This need for investment in both research and innovation should be reflected in the EU budget.
11. The Joint Committee strongly supports the Commission's emphasis on creating a greener European economy. The Committee believes that investment in green research and technology as well as a re-orientation of our industries towards more energy efficient and greener methods of production offers huge potential in terms of job creation and sustainable economic growth. This will require more targeted regulation, the targeting of our research and innovation budgets, tax incentives and more emission trading. This approach will not only stimulate growth, create jobs and help the EU maintain a strong manufacturing base but will also ensure that the EU's climate change goals are achieved.

12. The Joint Committee agrees that the Stability and Growth Pact will play an important role in the new strategy in guiding budgetary policies to achieve sustainable fiscal positions within each Member State. The fiscal position of Member State must be stabilised in order to have the budgetary means to support investment in economic growth and jobs. However, it is a challenge for euro-zone Member States to restore competitiveness and at the same time provide the necessary investment in areas such research, innovation and the digital economy. It appears that only way for smaller Member States to exit the current economic crisis is to introduce deflationary policies. Therefore, the Joint Committee believes that in the preparation of a new strategy for growth and jobs, the operation of the Stability and Growth Pact should be reviewed.

13. The Joint Committee recognises that the EU is not unique in seeing the opportunities that exist in investing in a smarter, greener economy. In the age of globalisation, the EU faces fierce competition not just from established markets such as the US and Japan but also from emerging economies such as India and Brazil as well as the manufacturing power house of China. The EU must work actively and decisively at the global level to promote the principles underlying the sustainable social market economy and to ensure that Europe continually pursues a competitive advantage over other regions in the world. In addition, the EU must work effectively via the WTO and bilateral cooperation to ensure that barriers to international flows of trade and investment are reduced, and to promote open and rules-based global trade. International trade has been the cornerstone of economic growth and employment in the EU and in particular in Ireland. For Ireland, a focus on export driven recovery is a principle path for exiting the current economic crisis. The Committee, therefore, strongly supports any actions by the EU which will promote open and fair trade.

14. The Joint Committee believes that the 'EU2020' strategy should not just be about developing a competitive economy. It must also have at its core the aim of developing a fair and inclusive society. The Lisbon Strategy for Growth and Jobs took the narrow view of developing the economy and did not place enough emphasis on introducing proper regulation aimed at promoting a fairer and inclusive society. The new strategy should place an emphasis on societal values, placing responsibility to the citizen and the general public good first. With this in

mind, it is important that the provisions introduced by the Lisbon Treaty are fully employed when developing the 'EU2020' Strategy. The EU Treaties, as amended by the Lisbon Treaty, are now very strong in respect of the core values and objectives of full employment, education, sustainable development and climate change. Article 9 of the Treaty on the Functioning of the EU clearly states that in "defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health". The Commission must invoke Article 9 TFEU when preparing its formal communication on the 'EU2020' Strategy.

15. The Joint Committee agrees that establishing clear governance is key to making the new strategy effective. One of the main reasons the Lisbon Strategy did not achieve many of its objective was a lack of commitment on the part of individual Member States to reach agreed targets. The new strategy must have a simpler and more robust monitoring and reporting system which provides clear and measurable results. It should establish explicit and realistic targets and employ benchmarking. The performance of individual Member States and the EU as a whole should be constantly monitored and assessed, at least on an annual basis. A general review of the new Strategy should be undertaken by the Commission on an annual basis so that opportunities and weaknesses can be indentified and the appropriate adjustments made.

16. The Joint Committee agrees that the 'EU2020' Strategy will need the active support of stakeholders such as the social partners and businesses. Its take up across all the regions of the EU will also be crucial to its success and therefore national parliaments should play an active role in monitoring and scrutinising the new strategy as it develops. The Joint Committee believes that national parliamentarians should meet more often and exchange views more regularly on important EU policies such as the proposed 'EU2020' Strategy. These regular exchanges would enable parliamentarians to exchange experiences, identify common priorities and foster greater understanding of the needs of citizens within individual Member States.

17. An active role for national parliamentarians is also central to communicating the new strategy to the general public within individual Member States. The success of the 'EU2020' Strategy is also heavily depended on the active support of the general public and its ability to empower people at the regional and local level. However, first EU citizens need to be made aware of the significance of such a strategy and the benefits it offers them as individual citizens. By closely involving national parliament representatives in the development of the strategy, it is more likely that awareness of it will be enhanced among the general public. The EU institutions also have a responsibility to communicate the strategy to the public in a clear and accessible manner. To this end, the Joint Committee would suggest that the final strategy should not be titled 'EU2020' but a more identifiable and understandable title should be found. There is a risk that 'EU2020' will become another phrase to be added to the long list of impenetrable EU jargon and therefore fail to gain the support of the citizens.

Oireachtas Joint Committee on European Affairs

Dublin

22 January 2010