

# Position Paper

## UEAPME<sup>1</sup> position on the governance process of the Strategy Europe 2020

Europe is facing several key challenges aggravated by the economic crisis. The Strategy Europe 2020 for smart, sustainable and inclusive growth has the potential to tackle these challenges. However it will succeed only if the governance process for its implementation is carefully prescribed and monitored at EU level.

The lack of ownership, the lack of focused priorities and the absence of a European framework enabling Member States to implement the measures and reforms in a coordinated and consistent way were part of the main reasons why the Lisbon Strategy did not deliver.

The condition for success of the Europe 2020 Strategy is the existence of such a European framework and a renewed sense of ownership from part of the Member States and their various institutions together with the social partners and the civil society.

In the new strategy, emphasis must be put on benchmarking in order to pinpoint structural weaknesses at national level, define clear and realistic quantitative targets and deadlines for achieving them. The Commission should closely monitor progress and exert its right of alert when Member States are not delivering on agreed commitments.

### Five key tools for a good governance:

#### **Integrated Guidelines:**

The Europe 2020 Integrated guidelines provide the right framework and basis for common reform priorities across Member States.

They have been reduced in number and focussed on the right priorities of growth, competitiveness, more and better jobs and social cohesion. Moreover the guidelines should remain largely stable until 2014 to ensure a focus on implementation and facilitate the monitoring of progress.

The Guidelines give a clear guidance to Member States on defining their national reform programmes and implementing structural reforms.

National reform programmes and country-specific recommendations must be tailored at addressing national bottlenecks based on transparent analysis and evaluations.

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<sup>1</sup> UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is 55820581197-35.

### **Quantitative targets:**

The number of overall common quantitative targets has been reduced to 5 main targets on employment rate, on investment in R&D, on reduction of greenhouse gas, on education and on reduction of poverty.

The drastic reduction of targets at EU level should now be translated by Member States to set their own targets in the five areas. Moreover they are also strongly encouraged to set targets in other areas showing strong weaknesses in order to achieve better results concerning the implementation of structural reforms.

The setting up of national targets should be done in close cooperation with the Parliament, social partners and the most relevant economic stakeholders in each Member State.

### **Partnership:**

There will be no successful strategy without a strong emphasis on partnership at all levels. At EU level flagship initiatives through focused initiatives should strengthen the implementation of the integrated guidelines.

At national level parliaments should be closely involved and actively participate in the implementation measures and in the set up of national targets according to the point of departure of each Member State.

Another essential condition for the success of new governance mechanisms is a stronger involvement of the social partners at all levels (European, national, regional and local levels) in the design and in the monitoring of both European and national reform strategies.

In the last years social partners have too often been neglected. In some countries they have been totally excluded from the process, in others they have been consulted pro forma and not in a timely manner and in others where they have been properly consulted their views have not been sufficiently considered. In order to respect the necessary timeframe for discussion of the national reform programmes the European level needs to deliver in due time.

In the future implementation of strategic reforms, opinions and contributions of social partners should be taken on board by Member States.

This would give a new push to social partners at all levels to become more proactive and accountable for the design and implementation of national structural reforms.

Moreover Member States should strongly support a climate of trust and social dialogue between employers and worker organisations by respecting the autonomy of social partners, assisting and supporting them and associating them to decisions on how to spend capacity-building funds available notably under the European social fund.

### **A clear reference point:**

A better coordination between the economic, fiscal and employment dimension is necessary. The creation of one “coordinator” in each Member State as it has been previously the case with a Mister Lisbon, should be put in place and better communicated towards the citizens and public authorities.

### **Monitoring:**

One of the main pillars of the Open Method of Coordination is evaluation and monitoring process of progress achieved by each of the Member States in regard to the Integrated Guidelines. In the past the monitoring was mainly focused on the Employment guidelines in accordance with the European Employment Strategy.

The economic crisis has shown that economic and especially macro-economic monitoring has to be reinforced within the Euro Group and at EU level. As part of comprehensive “exit strategy” for the economic crisis, Member States are requested to carry out ambitious reform programmes to ensure macro-economic stability and sustainability of public finance, improve competitiveness as well as reduce macro-economic imbalances in the framework of Stability and Growth Pact.

UEAPME welcomes especially the focus on macro-economic imbalances and the efforts to use more an ex-ante approach as regards stability and sustainability.

In order to make this ex-ante coordination operational, the Commission proposed the establishment of a European semester an alert mechanism with a scoreboard of indicators and qualitative analysis, corrective actions with enforcement mechanisms and policy recommendations and thematic surveillance of structural reforms.

UEAPME fully supports the efforts to strengthen the enforcement of common rules and principles not only as regards financial markets but also of all internal market regulations. Furthermore, the crisis of the euro has clearly demonstrated that a strong and credible SGP is indispensable and not only to discourage speculations of the financial markets. The Stability and Growth Pact needs clear rules and credible implementation by Member States. In order to ensure its credibility, the Stability and Growth Pact has to foresee sanctions as well as incentives for the Member States. Moreover, in order to ensure sustainable and stable public finances, Member States should implement a legally binding restriction for public debt.

Moreover taking into account the renewed efforts of synchronisation and linkage between the two sets of guidelines (guidelines for the economic policies and guidelines for the employment policies), a better balance should be reached concerning the respective role of ECOFIN council and EPSCO councils in the assessment process of the guidelines.

Finally it clearly appears that the broader the guidelines are, the more strategic the monitoring process becomes. The European Commission which is in charge of evaluation process on the basis of the National reform programmes established by Member States should be able to exert its right of alert when Member States are not delivering on agreed commitments.

In the same way, the Council should have the courage to apply the “name and shame” process under the peer review exercise.

### **Conclusions:**

UEAPME is firmly convinced that the Europe 2020 Strategy has a chance to bring back Europe on the way to a smart, sustainable and inclusive growth only if these five key tools are in place and used at their full potential at all levels.

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