



EPP: Sustainable economic growth, job development and cohesion in EU2020 position paper



The European People's Party has adopted in its Working Group on Economic Policy a position paper on EU's new strategy for sustainable economic growth, the EU2020 strategy. The Working Group is co-chaired by EPP Vice President **Rumiana Jeleva** and Swedish MEP **Gunnar Hökmark**.

Gunnar Hökmark explains: "EU's 2020 strategy is a step in the right direction, but the urgency of this reform process must be further reinforced. We, therefore, call for a 2020 strategy, which clearly spells out what the EU can do today to promote sustainable economic growth, job development and cohesion in Europe. Actions to bring down public deficits in order to restore confidence in European economies and the Euro must be the first priority of the 2020 strategy. There will be no growth unless Europe rapidly returns to long term sustainable public finances."

"Creating the best environment for competitiveness, job creation and stable economic growth must stand at the heart of this ambitious strategy. Freeing up the potential of the Internal Market, building the best knowledge economy in the world and reforming the EU budget are crucial factors to secure a future prosperous economic development in Europe," Hökmark added.

"In a time of crisis where Socialists are failing to take responsibility for Europe's future, the EPP, which leads all the main EU institutions and a majority of national governments, will continue to assume its political leadership in Europe by setting out clear actions and political visions that will make Europe a leading economy in the world," Hökmark concluded.

Note to editors:

The EPP is the largest and most influential European-level political party of the centre-right, which currently includes 73 member-parties from 39 countries, the Presidents of the Commission, Council, and Parliament, 14 EU and 5 non-EU heads of state and government, 13 members of the European Commission and the largest Group in the European Parliament.

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EU 2020 Strategy

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On the 7th of June 2010**

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1 **§ 1 Introduction**

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3 1:1 The EPP welcomes the European Commission's 2020 strategy and its aims. The EPP however
4 calls for concrete reforms and underlines that Europe needs a 2010 strategy, which clearly spells
5 out what the EU can do today to promote sustainable economic growth, job development and
6 cohesion in Europe. The structural reforms must aim to reach at least 2% growth annually.
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8 Recent months have illustrated that economic recovery is not likely to happen without setbacks, nor
9 is a rapid exit from the crisis guaranteed. Macro economic instability and public deficits are
10 continuing to threaten jobs and welfare systems across Europe. Citizens are concerned about the
11 future impact of the current economic turmoil and are looking for immediate measures that can
12 address this crisis.
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14 1:2 Against this background, the EPP believes that actions must be taken now in order to reduce
15 deficits and restore confidence in European public finances. Without clear decisions now, to start
16 the exit process to sustainable public finances, the debt burden and cost for interest rates will
17 increase beyond control, undermining not only the welfare of today but also the prospects of future
18 growth. The actions taken now will be crucial for where Europe and the EU will be in 2020.
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20 Reduced deficits must be combined with other efforts stimulating the economy such as improved
21 preconditions for investments, an improved and developed internal market providing opportunities
22 and increased competitiveness
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24 In the long term increased competitiveness must be obtained by improved productivity, more
25 innovations with global impact and a renewed entrepreneurial spirit, rather than low wages and
26 weak currencies. The European Union is not lagging behind other parts of the world economy in
27 terms of environmental or social standards, but we do lag behind regarding competitiveness. In
28 order to meet the fierce global competition from actors such as China and India, and to remain a
29 society with high social standards, Europe needs a structured economic external dimension, with
30 concrete reforms stimulating economic growth and enhancing our competitiveness.
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32 1:3 Long term measures within the framework of the EU2020 strategy must aim at making Europe a
33 leading global actor and the most competitive knowledge society. This requires reforms throughout
34 European society, from more independent universities and more spending on research to more
35 flexible and mobile labour markets and a new balance between social benefits and citizens'
36 responsibilities.
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38 Public budgets must give priority to core values such as social welfare, strategic investments in
39 infrastructure and research and incentives to work. Taxation must be supportive of investments,
40 innovations and jobs.
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42 **§ 2 EU's 2010 strategy - How to exit from the crisis?**

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44 2:1 We will not be able to face today's economic challenges of the EU and the Euro without growth.
45 There will be no growth if there is no action to bring down deficits in order to restore confidence in
46 European economies and the Euro. The reduction of deficits and sustainable public finances would
47 allow monetary policy to support economic recovery without generating inflationary tensions. There
48 is a need to increase productivity in our economy, not the least in the provision of welfare services.
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50 Broadening of economic surveillance and restoring and strengthening the Stability and Growth Pact
51 (SGP) must stand at the heart of our efforts to return to stable public finances. We must first of all
52 respect the current rules before starting to create new ones. As opposed to the European Socialists
53 the EPP is ready to take responsible leadership and address public deficits with a sense of urgency.
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55 Member states that do not fulfil the Growth and Stability Pact must allow their public budgets to be
56 analysed by the European Commission. Unacceptable deficits must lead to the reduction of
57 European funding corresponding to the same amount, designed in a way that is neutral regarding
58 net recipients and net contributors. The SGP must be complemented with rules on surplus in good
59 economic times.

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61 2:2 The EPP welcomes the Commission's efforts to achieve enhanced economic policy coordination
62 ("Economic Governance") in the euro area. Due to strong economic relations between all EU
63 Member States we recognise the need to strengthen economic cooperation also in the whole of the
64 EU. The EPP underlines that the present rules for coordination in the name of the SGP have to be
65 respected. There must be a commitment from all member states to follow common rules and the
66 Commission has to secure that the rules are respected. Reliable economic and financial statistics
67 require enhanced competences for EUROSTAT and the European Commission in order to control
68 and analyse the economic data of the member states.

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70 2:3 We also need to make sure that Europe in the future is home to thriving dynamic financial
71 markets. Better and adequate rules, effective European supervision, more transparency, enhanced
72 cooperation, coordination among national authorities and cross-border legislation are a necessary
73 precondition to avoid a future financial crisis. However, this legislation should not hamper the
74 possibility of doing cross-border financial transactions. Financial markets are indispensable in our
75 economy, and neither jobs nor welfare systems can be safeguarded unless financial capital can flow
76 freely in Europe.

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78 **§ 3 Freeing up the potential of the EU's 500 million consumer market**

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80 3:1 The EPP firmly believes that opening up the EU's single market must stand at the heart of the
81 EU 2020 strategy. Removing obstacles against the free circulation of people, goods, services and
82 capital as well as legal and infrastructural bottlenecks in the functioning of the internal market is our
83 priority and should be the priority of the European Commission. Businesses and entrepreneurs must
84 be given a real possibility to scale up and sell services/products to Europe's 500 million consumers.
85 The free movement for knowledge oriented services that promote economic growth must be
86 particularly encouraged by for example extending and fully implementing the Service Directive.

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88 3:2 Rethinking the state in the 21st century: We must secure that SME's can operate all over Europe
89 by granting them access via mutual recognition, reduction of red tape and for example by
90 establishing a 'one-stop-shop' for VAT. Protectionism must be opposed since free trade and access
91 to global markets are a crucial factor that enables European companies to become world leading.

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93 3:3 The EPP proposes to boost employability by calling for an SME friendly environment which
94 would see the creation of new and innovative jobs through the "One European SME – One new job"
95 idea.

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97 3.4 The digital single market has a key role to play since it should be a driver of competitiveness
98 and economic growth. By linking the digital agenda with the development of new services such as
99 e-health, e-trade, e-banking and e-learning the Internet and the digital infrastructure will be pivotal in
100 opening up the internal market. The allocation of frequencies should be coordinated at EU level and
101 a pan European market for spectrum trading and licenses should be created.

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103 **§ 4 Building the best knowledge economy in the world**

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105 4:1 Innovation, R&D and human capital should be core elements of the EU2020 strategy. In today's
106 world economy "Know How" is central to economic development and we must create the best
107 conditions for transforming our society into a knowledge society.

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109 4:2 To improve our higher education-systems and research activities, we need to increase funding,
110 focus on commercialisation of research and promote spin-offs, and improve the cooperation
111 between universities across borders.

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113 4:3 Intensify collaboration between European researchers by introducing a research voucher
114 scheme with money for research following researchers that move to universities in all Member
115 States, contributing to centres of excellence, independent universities, increased mobility among
116 researchers, attracting more researchers from other continents.

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118 4:4 The financial resources that are spent on R&D in the EU's budget should, within the next
119 financial perspective (2013-2020), be doubled. These resources should be combined with measures
120 for increased efficiency, at the very least by reducing bureaucracy thereby making it easier for
121 SMEs to participate. Public procurement should be designed in a way that is supportive of
122 innovation.

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124 4:5 The EPP underlines the importance of an efficient and advanced security and defence policy in
125 order to promote innovations in the European economy.

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127 4:6 The level of skills must be developed through better education, also in vocational training, to
128 guarantee that students do not leave school before obtaining the necessary basic skills needed to
129 enter the labour market. The concept of Life Long Learning should be further improved. Low-skilled
130 workers should receive appropriate training, to enable them to benefit from a knowledge-intensive
131 economy.

132 133 **§ 5 Creating the best environment for job creation and sustainable growth**

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135 5:1 The EPP always places SMEs at heart of the European economy - all European Union policies
136 should be shaped with a priority "Think Small First"; strong SMEs, competitive within as well as
137 outside the European Union, are the key to job creation and a strong Internal Market. The Small
138 Business Act should be a reality in all Member States.

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140 5:2 Clear targets to reduce state aid should be included in the EU2020 strategy and measures to
141 increase competition in important markets such as energy, telecom, railway, ports should be
142 specified.

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144 5:3. Labour markets need to be reformed in order to get more people to work more. Remaining legal
145 barriers that hinder labour market mobility across all EU Member States, such as unnecessary
146 differentiations between pension systems and continuous transition periods limiting migration inside
147 the Union must be removed. The EU should establish a common policy and a regulatory framework
148 that guarantee the movement of European employees and third-country nationals. Member States
149 should also create tax incentives by reducing personal income tax and tax wedges to encourage
150 more people to work.

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152 5:4 The EPP does not agree with the European Commission's poverty reduction target (poverty line
153 at 60% of medium income) as it is relative and high. Poverty definitions can better be based on the
154 absolute level of what basic needs must be assured.

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156 5:5 It is necessary to develop new, sustainable energy sources and energy efficient infrastructures
157 to reduce CO2 emissions. Europe's dependency on fossil fuels must be reduced in favour of an
158 increased domestic energy production via for example renewable and, in countries which so wish,
159 nuclear power, taking into account cost competitiveness of European industry. This will provide the
160 opportunity to create new innovative jobs.

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162 5:6 Member states should reform public pension systems, increasing the retirement age and
163 allowing those who wish to work beyond retirement to do so.

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5:7 Promoting jobs and growth cannot be the exclusive task of central governments and we have to ensure that the European, national, regional and local levels are involved in a permanent dialogue. Cohesion policy as an expression of the European value of solidarity has an important role to play here. Therefore the EPP strongly supports the establishment of a “Territorial Pact of Regional and Local Authorities on the Europe 2020 Strategy”.

§ 6 Reforming the EU budget to stimulate economic growth

6:1 The EU's budget should be reformed to better reflect the financial needs associated with tackling 21st-century challenges. The Common Agricultural Policy should aim at promoting sustainable growth and increasing productivity and competitiveness. Sustainable fishery policies should also be an urgent priority.

6:2 The EU 2020 strategy should set the incentive for a new agricultural policy, based on development of the agriculture sector and dynamic labour markets in rural areas.

§ 7 Out of the crisis towards global leadership

7:1 Europe is on the way out of the crisis. A successful recovery will require decisive exit strategies, concrete actions to reduce debt burdens, policies enforcing stability and reforms stimulating economic growth.

7:2 How we meet the challenges that the European Union is facing today will lay the ground for Europe's development during the next 10 years. We need to get out of the crisis but we also need a clear vision on where we want to be in 2020. This position paper calls for actions that can make Europe a leading economy of the world.