

MID-TERM REVIEW OF THE EU₂₀₂₀ STRATEGY

Executive summary

- CEEP is convinced that the Europe 2020 strategy should remain the guiding approach of the EU policy making, and welcomes the focus and tools put forward in the EU 2020 Strategy.
- An efficient and working articulation between the local, the European and the global levels is essential for the EU 2020 Strategy to deliver positive results. European targets now need to be translated into ambitious and measurable national ones, and assessments must be carried out, using additional indicators and qualitative analysis.
- The EU 2020 Strategy is about “smart, sustainable and inclusive growth”. However, more emphasis should now be put on sustainable competitiveness.
- A clear link between investments in social and human capital and economic performance exists: high poverty rates threaten the possibility for human capital to support the long-term growth potential of the European economy. Not addressing social and human capital would be short-sighted and a missed opportunity.
- CEEP shares the call for a differentiation of the fiscal consolidation effort, seen that short-term undifferentiated fiscal consolidation policies will keep the overall public expenditure under pressure, thus increasing responsibility of private investments to reach the EU 2020 target.
- CEEP believes that tools for investment should foster an ambitious European energy policy, with a stable balance to be kept between objectives of competitiveness, security of energy supply and sustainability.
- CEEP believes that there is still much room for improving the quality of national public expenditure. The emphasis should be put on the creation of equity funds, combining a market-based principle of return to investors with the pursuit of public policy objectives such as improving the ‘school to work’ transition, reinforcing public employment services, and favouring fair mobility and labour market reforms.

INTRODUCTION

CEEP is convinced that the Europe 2020 strategy should remain the guiding approach of the EU policy making. The new College and related Commission services must therefore ensure that the objective for smart, sustainable and inclusive growth is re-instated as a key driver of EU policy over the next five years.

However, CEEP notes that some targets of the Europe 2020 Strategy will probably not be met and that a shift of paradigm should therefore be considered.

Our intention is to evaluate the challenges the European economies are facing today and to identify the measures and the policies that have been implemented so far. This is a necessity if we do not wish to repeat the relative failure of the Lisbon strategy. One has to bear in mind that the present situation, which is far more complicated and uncertain than in the 2000 and the 2007 financial crisis, has set certain hurdles towards these goals.

CEEP members' experiences have demonstrated the deep impact of the economic crisis on the growth potential of the EU and on its ability to ultimately reach the EU 2020 targets. For instance, the eurozone crisis brought into sharp focus the deep structural imbalances within the core of the eurozone, here in particular Germany, but more generally all Member States North of the Alps, and a number of Southern countries such as Spain, Italy, Portugal and Greece. All four of these Mediterranean countries have suffered and still suffer from the same phenomena: overall employment rates are low, and the overall stocks of intangible capital are below the EU average leading amongst other things to suboptimal investment in innovation capacities.

In this context, the growth strategy that was set forth by the European Council in June 2010 has to overcome not only the high hurdles of the Economic and social crisis in Europe, but also constraining fiscal consolidation policies implemented in the EU Member States. CEEP questions the coherence of the macro-economic policy-mix between the Stability and Growth Pact and the goals set in the Agenda 2020. In this context, CEEP thinks that structural reforms enhancing growth potential while improving fiscal sustainability should be given top priority.

Herewith, CEEP intends to first of all assess to what extent the targets of the EU 2020 strategy and their translation into concrete policies have contributed to the objectives of a smart, inclusive and sustainable growth. In a second step, CEEP examines in which ways the EU 2020 strategy should be readjusted in order to best reach its objectives. Indeed, we believe that Europe has the potential to reach sustainable competitiveness by becoming a role model for social and ecological development. The year 2015 is a good time to change the course towards more ambitious and more future oriented reforms, supporting the recovery by emphasizing social and ecological goals.

CEEP ASSESSMENT OF THE EU 2020 STRATEGY TARGETS AND THE UNDERLYING POLICIES

First evaluation of the EU 2020 targets

The headline targets are considered as useful tools but have clear limitations: targets do not cover everything, they are only “politically binding”, they need to be translated into sufficiently ambitious and measurable national targets, and assessments must be carried out, using supplementary indicators and qualitative analysis. In addition CEEP thinks, that:

- The link between the original EU 2020 targets and the European Semester is missing. However, we consider that the mid-term review could be the opportunity to positively address this issue.
- The European Semester has been more focused on the fiscal consolidation medium term objectives and consequently not enough visibility has been given to the EU 2020 strategic objectives. This missing link is paramount to the fact that the EU 2020 strategy came before the development of the Macroeconomic and fiscal Governance coordination and control through the Stability and Growth Pact, the six-pack and the two-pack.
- The links between the different flagship initiatives and how the flagship targets reinforce each other remains unclear. That is why CEEP argues that it is important to make sure that all the flagship initiatives are working towards the growth target. Up until now there has been a feeling that the flagships are working in silos and are more focused on reaching their sub targets rather than the main growth target.
- CEEP regrets that the gender equality perspective has not got a better visibility in the Europe 2020 strategy. This is for example important regarding the targets for employment, education and poverty. The gender equality perspective should be visible in the whole strategy, showing the achievements of the targets divided in gender.
- There should be greater involvement of stakeholders (particularly national stakeholders) in the implementation of the process. As the EU 2020 strategy is mainly designed to be implemented through the European coordination of reforms and macroeconomic policy, the involvement of the various stakeholders (and among them the national social partners) can also be assessed through the quality of their participation in the European Semester processes. As such, CEEP members have expressed a great variability of situations fully depending on national circumstances and practices, like for instance the overall quality of the national social dialogue.

CEEP thinks that, while targets on education and, especially, climate change and energy sustainability are deemed achievable, it is difficult to establish to what extent progress can be attributed to Member States’ reform efforts or, paradoxically, to the impact of the crisis. Indeed, the contraction of economic activities has probably contributed to the reduction of greenhouse gas emissions and

primary energy consumption, while the difficult situation of the labour market has discouraged people from leaving education and training early.

Difficult prospects for the European labour market

The stocktaking exercise of the EU 2020 strategy undertaken by the European Commission is without appeal. Unemployment has increased at a fast pace in Europe in the turmoil of the crisis, from a rate of 7,1% in 2008 to a peak of 10,9% in 2013. Furthermore, the perspective for the future remains dark as the unemployment rate is only expected to decline slowly in the coming years. The youth unemployment rate, which has a tremendous economical and political cost for the EU, seems to have stabilised. However the latest economic forecast of the EU Commission highlighted that this stabilisation also reflects falling participation rate into the labour market. In December 2013 the youth employment level, reached 23.2% in the EU and 23.9% in the euro area, compared to 23.7% and 24.2% a year earlier.

A growing part of the European population is getting further and further away from the labour market and even in countries which tend to get back on the path of growth this “core” of the unemployed population tends to increase in size. This constant evolution of the long-term unemployment level is very worrying. For the many people who have accumulated long jobless situations, discouragement and loss of human capital make their reintegration more difficult as unemployment takes a more structural nature.

The latest employment monitor by the OECD issued the message that "Promoting aggregate demand and job creation remains a key policy priority going forward". CEEP fully agrees with this assessment. Furthermore, existing ‘smart city’ notions are missing the clear acknowledgement that cities are to make sure that social inclusion is promoted and polarization tendencies are prevented or at least mitigated. The societal dividing lines run between the more and less privileged in terms of wealth, but also education, competences and skills.

Europe 2020 targets for education and synergies with the ET 2020

One key question is how the European cooperation in the field of Education and Training can support best the implementation of Europe 2020 and help to improve the performance of education and training so that they give the best possible support to learners and equip them with the right skills and competences to succeed on the labour market.

Important discrepancies remain between Member States and for instance while several countries have already reached the target of 40% tertiary level attainment some others still need to reach the European targets. CEEP members are concerned that many Member States have tended to reduce their education expenditures¹ while still trying to achieve the statistical targets. It could be

¹ In total, in 2011 and/or 2012, cuts in education budget were made in twenty countries/regions for which data are available. Cuts of more than 5 % were observed in Greece, Italy, Cyprus, Latvia, Lithuania, Hungary, Portugal, Romania, the

interpreted as a short term vision for education's added value. As representative for public services' employers, including education employers, CEEP fears a possible deterioration of the education systems quality in the long run.

CEEP believes that the Europe 2020 and ET 2020 targets on education do not express enough the adequacy of the skills achieved, and gross averages at EU level or at national level may hide very significant age, gender or regional differences. More specific analysis and qualitative information are necessary to interpret how the targets have been reached at national level. However, skills and future skills needed in the workforce are hard to estimate at European level as they often depend on the economic fabric at regional and local level, which tends to vary greatly over time in the context of deep industrial decomposition and fast evolution of IT skills. In this regard, tremendous added value could stem from the evaluation of the Member States' actions when it comes to the improvement of skills, with a special focus on the "learn to learn" skills.

The collapse of public investment and insufficient bank credit

The EU 2020 target for Investment in R&D is for the European Union Member States to reach combined public and private investment levels of 3% of EU GDP as well as to create better condition for R&D and innovation. However EU Investment levels in Europe have shown limited progress over time. Indeed, investment in R&D was evaluated at a level of 2.06% of EU GDP in 2012 and is only foreseen to increase to 2.2% by 2020, quite far from reaching the 3% target defined in the EU 2020 strategy.

In the turmoil of the crisis, the European activity fell more rapidly than expected in countries undertaking difficult adjustment programmes. CEEP regrets in this perspective that the easiest target of fiscal consolidation was public investment, which fell dramatically during the years of the crisis. Overall, the share of public gross fixed capital formation in GDP declined from 4 percent in 2009 to 1.5 percent in 2013, on average, in Greece, Ireland, Spain and Portugal. At the same time, private gross fixed capital formation also collapsed in these countries, from more than 25 percent of GDP in 2007 to less than 15 percent in 2013. There was also a fall in public gross fixed capital formation in the 12 EU Member States that joined the EU between 2004 and 2007. These developments are in contrast to Canada, Japan and the United States, where public gross fixed capital formation has increased in recent years.²

CEEP has been calling for a major investment initiative at EU level in social and physical infrastructures since the very beginning of the EU 2020 strategy and welcomes to this effect Mr Jean Claude Juncker's call for a major investment initiative at European level of more than 300 billion Euros for both public and private investment. However, many uncertainties remain on how to effectively free this level of financial resources when banking institutions, the traditional European lenders but also emerging institutional investors including insurance funds and institutions for

United Kingdom (Wales) and Croatia, whereas decreases between 1 and 5 % were seen in French Community of Belgium, Bulgaria, the Czech Republic, Estonia, Ireland, Spain, France, Poland, Slovenia, Slovakia, the United Kingdom – Scotland.

² BARBIERO Francesca, DARVAS Zsolt, "In Sickness and in Health: Protecting and supporting Public investment in Europe", *Bruegel Policy Contribution*, Issue 2014/02 February 2014.

occupational retirement provision (IORPs) are or risk being placed under reinforced minimum solvency ratio rules.

Furthermore any major investment initiative would have to cohabit with the European call for the pursuit of constraining fiscal policies under the stability and growth pact. The risk is that short-term undifferentiated fiscal consolidation policies maintain under pressure the overall public expenditure, constraining the European Governments when they should seek to preserve their investment in R&D, putting an increasing responsibility on the share of private investments to eventually reach the EU 2020 target.

We argue that today in Europe, the main forms of financing for the European economy – Bank credits, investment funds and public spending – are not structured in a suitable way to answer the long-term social, environmental and demographic needs of our European societies and propose concrete paths for reinvesting in Europe.

First steps towards a more sustainable economy

The Europe 2020 Strategy has recognized the need for a turn of the European economy towards more sustainable business models. Over the past four years, first results were achieved although they are clearly only the first steps towards a shift of paradigm in Europe's way towards a sustainable economy.

With regard to the greenhouse gas emission reduction, the renewable energy and the energy efficiency targets, important improvement was observed. These targets have already been agreed and incorporated into legislation. If the first two seem to be on a good and ambitious way, the midterm review also reveals that the EU 2020 goal for energy efficiency will be missed despite the achieved progress.

Moreover, CEEP thinks that it is difficult to establish to what extent progress can be attributed to the EU and Member States' reform efforts or, paradoxically, to the impact of the crisis. Indeed, the contraction of economic activities has probably contributed to the reduction of greenhouse gas emissions and primary energy consumption. Therefore, it is essential to go ahead and build the EU energy and climate goals on a solid basis.

The flagship initiative "Resource efficient Europe" has also contributed to first positive results towards a more sustainable economy. CEEP welcomes the fact that the strategy has identified the process towards a more resource efficient Europe as a key opportunity to boost value creation in the economy and to make the EU a driving force towards the green transformation of our societies. In a world of increasingly scarce resources and where the preservation of the environment is a major concern, the efficient supply and use of water and energy, as well as the correct approach to waste disposal ensure that costs are reduced, that nature is protected and that new jobs are created.

Building on the progress that has already been achieved so far, a realistic midterm review also shows that it is necessary to continue on this path. The potential of resource efficiency as a booster for

employment, in particular at local level, has to be used more than ever. Safeguarding, for instance, Europe's waters by developing clear and efficient water management methodologies has to remain a priority for the next years to come. The current revision of the waste legislation is another concrete possibility to better realize the aims set in the Europe 2020 Strategy. The contribution of the waste management sector as a key driver of the turn towards a more circular economy has to be recognised and fostered. Moreover the responsibility of all elements of the value chain, including producers, should be highlighted.

Poverty and the overall development of society

The adoption of the poverty target – stating that people living in poverty should be at least 20 million fewer by the end of 2020– and the flagship initiative of the European Platform Against Poverty – raised the importance given to social cohesion in the overall strategy.

Unfortunately, despite the headline target, poverty and social exclusion have continued to rise with the biggest increases in material deprivation and in those who experience poverty even though they are working. The number of people at risk of poverty increased overall from 114 million to 124 million in 2012 while, according to the Commission forecast, 16 million people should still be incorporated into the labour market if the EU is to reach the 75% employment target.

The Europe 2020 strategy introduced a new methodology to measure poverty in the EU and a new way to provide recommendations and to support the poverty reduction efforts of Member States. However, progress has been largely delayed by the long and deep financial and economic crisis. The ambition levels to reduce poverty vary across the Member States, as indicated by their national targets, and the addition of the national targets does not reach the EU objective. Strong divergences remain in terms of social situations as well as the various policies that impact on social outcomes.

The rising rates of poverty and exclusion are of major concern as they impede the common objective of promoting a sustainable and inclusive society. High poverty rates threaten the possibilities for human capital to support the long-term growth potential of the European economy. Not addressing these issues would be short-sighted and a missed opportunity. For example, Smart Governance and Smart Living initiatives should better address poverty and social exclusion through measures including improvements to the quality of life, a focus on citizen connectivity (including the promotion of the 'design for all' approach and e-government services) and the use of open data to create citizen services.

PERSPECTIVES: BACK ON TRACK

If the strategy is to be effective, inclusive and green growth has to be set as the main target. To reach the growth target it is necessary to focus on R&D to invent new products, methods and possible services, including accessible goods and services. But to make innovative products and services, a well educated work force is needed, which must be the task of the education system. At the same time companies need capital to develop and produce new products and services. This is why it is important to seriously include long-term financing in the EU2020 strategy.

In addition, a good general guideline for the National Reform Programmes would be, that each country should specify how to reduce the current gaps between actual and target values by at least one quarter in 2014 and 2015, in the four areas of R&D, employment, poverty reduction and energy efficiency. Only under these conditions can the final gap actually be bridged within the remaining five years.

Improving the market conditions for long-term investment

The decrease of the share of public investment is damaging to the long-term growth potential of the EU. High-quality capital stocks in the areas of communications, transport and education are thought to entail considerable positive spillover effects that might further stimulate investment by the private sector. Investments in social infrastructures support the labour force and social development. Finally, investments in both social and physical infrastructure will be a key to bringing back private business' prosperity. Therefore, we call upon the European institutions to take into account the following options in order to favour investment and reinforce the long-term growth potential of Europe:

- CEEP supports the European Parliament's call of 2013 to go beyond the present "investment clause" of the preventive arm of the Stability and Growth Pact and calls for a permanent and unconditional exclusion from the fiscal indicators of all national co-funding of EU-supported investments considered in the Stability and Growth Pact.
- More structurally CEEP asks for a change of paradigm. Public and Private investments need to be more complements than substitutes. An increase in public investment could boost, and not crowd out, private investment. This is the case for public investment in infrastructure or networks (energy, digital) as it improves the efficiency and allocation of private investment for specific firms, sectors, or projects.
- The Market conditions for the investors in long-term infrastructure projects remain challenging. Non-traditional project finance investors (such as institutional investors in comparison to banking institutions) face difficulties in entering the infrastructure market. Any project which contains unquantifiable risks, such as those posed by traffic, construction or regulation, are not feasible for non aggressive investors such as pensions and insurance investors, and prudential regulation, financial market regulation risk being counterproductive to long term investment. Consequently CEEP deems essential the guarantee that more

institutional investors can participate in the infrastructure market (by reducing capital charges, giving tax incentives, providing fixed rate products).

- CEEP believes that there are wide margins for improving the quality of national public expenditure and that the emphasis should be put on national public investment banks and the projects they undertake as they can give the necessary impetus for the creation of equity funds combining a market-based principle of return to investors with the pursuit of public policy objectives. CEEP considers in this perspective the Marguerite Fund, a pan-European fund supported by the EIB and various national public investors, as key for enabling investments in renewables, energy and transport. It renders possible capital-intensive infrastructure investments and significantly lowers uncertainties while mitigating the risks and risk's perception of other economic and financial agents.
- CEEP supports the Project Bond initiative which was designed by the Commission in the framework of the Europe 2020 strategy. This initiative intends to enable eligible infrastructure projects promoters, usually public private partnerships (PPP), to attract additional private finance from institutional investors such as insurance companies and pension funds. CEEP deems important to have the broadest vision possible and to further expand the scope of application of European guarantees for project bonds to a wider range of investments such as healthcare, R&D, public utilities, urban development and resource efficiency, fostering future growth in this sector as well in as the overall economy. CEEP welcomes in this context the studies undertaken by the European Commission for the year 2014 with the aim to extending the remit of the project bond initiative.
- Cities do serve as breeding grounds for innovation, but also as social entities closest to the people that need to take into full account their citizens' wishes, skills and needs. The majority of Smart City initiatives have the potential to support innovative growth and R&D. They are funded by a variety of sources, including government and private companies, which share a common interest in progress in this area. To contribute to the innovation and R&D target, it is essential that projects are evaluated and lessons learnt from them to enable further development.
- The smart uptake of Structural Funds remains critical to encourage the deployment of social infrastructure as well as to address the needs of those target groups that are furthest from the labour market.
- Finally, CEEP is concerned about the difficulties SMEs face throughout Europe for their access to finance. In this perspective concrete options could be explored including a properly designed scheme for targeted Central Bank lending, increased European Investment Bank lending and the promotion of securitisation of SME loans.

Sustainable energy, transport and ICT networks for Europe's path to 2020

In order to set the EU 2020 strategy back on track, its high potential to contribute to the sustainable competitiveness of the European economy as well as of its whole society has to be better used. Through concrete policies, the Europe 2020 Strategy should turn the EU into a knowledge-intensive, low-carbon and highly competitive economy. Therefore, adequate modern and flexible energy, transport and ICT infrastructure networks are needed on Europe's path to 2020.

Stronger commitment to a competitive, secure and sustainable energy system

An ambitious European energy policy must be one of the priorities on the way towards growth and job creation. In order to best realize it, CEEP underlines that the objectives of competitiveness, security of energy supply and sustainability need to be kept in a stable balance. All three elements have to be considered when reshaping the European energy policy and adapting it to its current challenges.

A constantly improved legislative framework should allow the energy sector to orientate investment towards an even more competitive, secure and sustainable energy system. Among others, an improvement of the measures aiming to realize a further reduction of greenhouse gas emissions can help to achieve Europe's ambitious climate change and energy objectives on a more stable basis. In general, the emission trading system is seen as the right instrument towards the realization of the EU's CO₂ mitigation commitments. However, it has to be reformed as it currently fails to provide the necessary incentives for investment in low-carbon technologies. Furthermore the EU needs a fair effort-sharing between the ETS and non-ETS sector in order to avoid an asymmetric burden for sectors in direct competition.

CEEP also highlights the need for an economic mid- to long-term view that includes interconnectors and energy generation capacities. In an energy market partly dominated by renewables, not only the generation of electricity but also the provision of secure generation, which is supplied mainly by conventional power plants and hydro storage plants, has to be taken into consideration.

Recognition of public transports' crucial role for Europe's future

The revision of the Europe 2020 strategy should also help to highlight the public transports' crucial role for the development of a sustainable future for Europe. It allows not only to meet Europe's environmental objectives by being vital for the limitation of greenhouse gases, but is also key for Europe's economic and social development by guaranteeing the free flow of goods and people while offering appropriate infrastructure throughout the Union. It contributes to the sustainable development of all sectors of the European economy. As a consequence, investment in public transport is essential for cross-sectoral economic growth and job creation. In this context, there is an urgent need to better ensure a strong, coherent and efficient public transport sector. Sustainable financing schemes for important infrastructures and their maintenance have to be prioritized and guaranteed.

Another key element is the need to better achieve cross-sectoral policy coherence. The example of direct and indirect links between the European transport and energy policies is currently well illustrating this challenge. Decisions on the reorganization of the role of different transport modes have a direct impact on climate and energy targets and decisions on the structure and financing of the energy system (such as the State Aid rules for environmental protection and energy) have a direct impact on the development of the transport sector. In order to boost growth and employment in Europe, this policy coherence should become one of the key pillars of measures aiming at “better regulation”.

Support for an enhanced Digital Agenda

In order to best prepare the European society for the opportunities and challenges of the future, the efforts which have already been undertaken in the context of the flagship initiative “Digital Agenda for Europe” are of major importance. They increased the understanding that there is no digital economy as such anymore, but that the whole economy has already become digital. However, these efforts need to be intensified and broadened in order to ensure consumers’ and business’ confidence in the on-going digitization of the economy. In order to support this process in a sustainable, long-term oriented way, CEEP calls for a set of three main measures.

First of all, there is a need for more public and private investments in new network infrastructure. In order to realize the digital agenda, wide broadband coverage has to be supported much more than in the first four years of the Europe 2020 Strategy. This also requires an environment of restored confidence for investors. Therefore, the regulation applied to communication services should be further developed towards a common framework for services independently of their providers in order to ensure better consistency regarding customer protection and security as well as personal data and privacy protection. Ensuring a fair competition between players, thereby further encourages innovation.

Secondly, Europe needs an industrial policy that enables a central role for innovation, that recognizes the transformative power of technologies and that leverages European digital businesses as partners for the digitization of the economy and of society. This means to further promote entrepreneurship and tech startups, for example through incubation hubs and other similar initiatives supported by EU funds. This also means to promote a European innovation model based on interoperability through standards, to restore EU ICT and communications’ competitiveness thanks to a supportive competition policy, as well as to constantly develop ICT skills. Europe needs visionary and active thought leadership around skills development, both through education systems but also through reskilling and lifelong employability initiatives.

The potential contribution of accessibility to the EU economy should moreover be considered as part of the Digital Agenda and Innovation Union flagships. This can be incorporated through dedicated measures that promote a market for accessible products and services, including public services and assistive devices for persons with disabilities. The inclusion of the ‘design for all’ approach in educational curricula and training could help to foster this potential.

Finally, it is necessary to achieve a high level of trust in the digital economy by establishing a holistic, clear and future proof data protection framework. Data protection rules and the providers' responsibility should be clear and stable within the EU to achieve a high level of protection for end users across the entire value chain. At the same time, they should meet technical feasibility requirements and allow innovation. Moreover, there is the need to co-ordinate an effective EU cyber security policy that is applied at all levels of the internet value chain in a way that also ensures the efficiency of these necessary measures.

Tackle the high levels of unemployment through better education and labour market policy

Improve the school to work transition

For CEEP it is crucial that the European Commission keeps on supporting the Member States in the development of their education policies by collecting the key information, by further developing the peer learning in the framework of the European Semester, giving education the part it should have as the essential guarantee for finding a decent job while recognising the possible impacts of fiscal consolidation on school systems in the EU.

Skills and future skills needs in the workforce are hard to estimate at European level and can greatly vary over time as they depend on the characteristics of the regions and places. In this perspective school to work transitions should also be tailor-made to national/local needs. For instance, The Europe 2020 energy target could be addressed through initiatives that focus on Smart Environment or Smart Mobility. Smart Economy and Smart People initiatives should be oriented towards employment and education targets, which include e-skills development. Moreover, improving citizens' skills should make them more employable which in turn supports the Europe 2020 employment targets.

To ensure the quality of the school to work transition, public services' employers and providers including education providers, whom we count among our members, are striving to link the curricula of education and training with the needs of the modern labour market, with a particular emphasis on promoting the dual-system in Europe and the links between VET/IVET and work placements.

As socially responsible employers, we work actively to expand the amount of well-structured workplace learning opportunities available to workers so that their competence may more closely match workplace requirements. While the vocational aspects of the curriculum in schools/ colleges inevitably lag behind the competences required at the workplace, work-based learning (apprenticeship, internship, etc) can compensate for this. The transnational Knowledge Alliances projects are constructive steps in the right direction as they offer new perspectives for building bridges between higher education and enterprises. CEEP is presently working on a project which general objective is to create a methodology for joint work between enterprises and universities and the development of joint curricula.

In this respect, cooperation and synergies between employment services, integrated insertion pathways focused on the inclusion of vulnerable groups into the job market as well as the business community should be given greater visibility within the Strategy. This approach includes encouraging investments that remove physical barriers and facilitate labour market access for persons with disabilities (through technological innovation, accessible workplaces, among others).

Education should be addressed as a long-term policy which needs a holistic approach. There is clear evidence that Member States with highly involved social partnership suffer fewer problems with unemployment and NEET because Social Partners are fully embedded in the most essential reinsertion processes. Therefore, it is important to integrate social partners from the start on discussions related to the upcoming indicators, upcoming objectives and means to reach them. The proper involvement of national social partners is also essential for the ET 2020 national reports to become a proper assessment of situations at National level.

Reinforced public employment services

CEEP believes that in order to fully understand the underlying causes of the unacceptable level of unfilled vacancies in the EU, even though unemployed people are legions, it is important to assess that whilst some individuals are getting further and further away from employment, some enterprises are also getting further away from the labour market either because they do not have a sufficient knowledge of the labour market segments or because they are not in the proper channels for accessing the information necessary to make supply and demand connect. In the end, the less an enterprise recruits the less it is susceptible to have spontaneous applications and the higher the risk to see new procedures of recruitment fail.

CEEP welcomed the youth guarantee as a political commitment to address important levels of youth unemployment. We believe that its implementation is an opportunity to start ambitious reforms of the labour markets in every Member State in order to improve the functioning of public employment services. For instance our member SEMITAN, responsible for the comprehensive public transport network of Nantes Métropole, the urban community of the French city of Nantes, has taken concrete commitments in this direction. The 30 young people who have engaged themselves in a three year training programme are being closely monitored, through the “Emploi d’avenir” publicly financed scheme, by tutor persons on the field and by referents in the various public employment services at local level (Mission locale). Such schemes should be more widespread and feed peer learning activities between Member States.

In this context, CEEP believes that structural reforms of public employment services should aim at reinforcing the interactions with the very fabric of the economy at regional and local level because it would be a mistake to assume that all the offer and all the supply on the labour market is known. A reflexion is necessary at European and Member States’ level to have supply and demand for jobs emerge and to design an approach making enterprises and individuals meet.

Fair mobility

CEEP supports the three flagship initiatives of the EU 2020 strategy related to employment and social affairs: Youth on the move, an agenda for new skills and jobs and the European platform against poverty and social exclusion were meant to provide the EU Member States with a comprehensive framework of tools for EU Member States and European Institutions to act.

However as regards, mobility CEEP deems important to state that the EU institutions should remain careful and should fully take into consideration the positive as well as the adverse effects of mobility. Indeed, mobility can improve the allocation mechanism of the labour markets by ensuring the right conditions for people to move across sectors, occupations and borders.

To facilitate the use of mobility policies, CEEP deems essential to improve language learning in the EU at all ages and all educational levels and ensure that legal and organisational barriers are removed for persons with disabilities. In order to ensure a better information and enough support and advice, EU mobile citizens need to be fully informed when they engage into mobility, in line with the directive on the enforcement of existing rights for mobile workers.

Mobile EU workers increasingly possess high qualifications: 36% of them had tertiary education in 2012 compared to 22% in 2000, and the recent increase in labour outflows from Southern European countries is characterised by a disproportionate share of tertiary graduates among those moving. In fact, mobile EU workers are often over-qualified for the jobs they perform in the host countries. Over-qualification is a particular issue in the case of Central and Eastern European workers, who often perform low and medium-skilled occupations abroad.

In order to fully take into account the positive and adverse effects of mobility, it is essential to assess through proper statistical analysis the impact of workers and students' mobility in order to develop informed and fact-based mobility policies at EU level. Indeed, mobility brings into consideration the important issue of "brain drain", with potential severe social consequences such as, for instance in the healthcare sector, a phenomenon of "care drain" ; meaning shortages of specialist and health professionals in rural areas, and which worsens asymmetries among the different Member States.

Labour market reforms

In order to improve Europe's competitiveness, labour market reforms have been oriented towards more flexibility and reduced social contributions for employers.

CEEP believes that external flexibility implemented to address labour market segmentation may, in a period of weak growth, increase the level of unemployment. Internal flexibility on the contrary has proven to be able to safeguard jobs and those are the solutions which have been chosen in a few countries (possibility for competitiveness agreement at enterprise level and ability to adapt wages and working time to the fluctuation of the demand).

However for these mechanisms to function in a fair and efficient way, social partners need to be properly involved on both sides of the industry. Countries where social dialogue is well-established and industrial relations systems are strong have proven most resilient during the recent downturn. We wish for social dialogue to play a more important part in the durable recovery of the European economy, promoting win-win solutions and the ownership of labour market reforms.

CEEP recognises that to support job creation, a key priority is to shift taxation away from labour to other sources of taxation while ensuring a sufficient tax base to finance essential social expenditures and public services, such as in education or healthcare, and physical infrastructures. Member States need to find effective ways of doing so, taking into account their overall tax regime. The core of competitiveness is not solely about wages. In addition, a high degree of competitiveness requires a positive investment climate, a well-functioning provision of services of general interests, and a well-functioning infrastructure, of human capital as well as physical capital.

CONCLUSION

We believe that the reasoning behind and the tools designed in the various Flagship initiatives and in the Commission's Employment package were all stemming from the rightful assessment that the EU needs to deploy renewed efforts to improve its long term growth potential. We call for the new Commission to implement a coherent EU 2020 strategy to best promote the value of a European social market economy dedicated to the European citizens.

As public services providers we build up our policies with the users of Services of General Interests being at the centre of our attention. In order for European citizens to regain the ownership of the EU 2020 strategy, the European Commission, and EU Institutions in general, should base their approach on the same principles.

We call on the future European Commission to concentrate on effectively answering to those demands during the upcoming five years. This will improve the framework conditions in which public services' employers and providers have to fulfill their mission and consequently improve the quality of life of European citizens