

**FOR A NEW CYCLE
OF THE LISBON STRATEGY**

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INTRODUCTION

The Lisbon strategy should keep its main purpose to prepare Europe for a globalised world via an **agenda of modernisation** faithful to the European goals. Its **strategic priorities remain the relevant ones and its governance mechanisms are delivering better**, by combining national reform programmes with a Lisbon Community Programme, in the framework of integrated guidelines based on the Treaties. Nevertheless, the new cycle of the Lisbon agenda should fully draw the implications:

- of assessing the **pace** of implementation
- of assessing the **scope** of the new challenges

Fostering implementation

When taking stock of the implementation of the Lisbon strategy, the effects of **structural reforms are already visible** in many policy fields, even if with an uneven shape when comparing the various Member states. The growth rate seems to be increasing by combining a cyclical effect with a structural one strengthening the growth potential. Nevertheless, taking into account our gap regarding other partner countries, the pace for change should be faster, requiring a stronger focus on implementation, not only at European and national, but at local level. Therefore, the **governance structure should be kept** but improved for faster implementation:

- ⇒ Special effort should be made by **each Member State** to address its specific critical points;
- ⇒ The capacity to involve all the **relevant actors** should be improved;
- ⇒ **Horizontal coordination** should be strengthened at all levels.

Turning challenges into opportunities

Moreover, the **scope of the challenges** for the next years is becoming clearer:

- competition is coming from, not only USA and Japan, but from many other poles, requiring new developments in the multilateral framework;

- raising employment rates is important but not enough to offset the impact of the ageing trends on the sustainability of social protection systems;
- the need to protect environment and to change the consumption and production patterns is becoming more acute due to the climate change trends

The strategic priorities and the political compromise of the Lisbon strategy remain the appropriate one: to invest in knowledge, to open new markets and to support entrepreneurship, to modernise the European social model, to improve environment and gear macroeconomic policies for sustainable growth. Nevertheless, **the scope of the challenges should be fully taken into account:**

- ⇒ A more pro-active approach regarding **globalisation** is required to influence the trends and rules of globalisation, to seize the opportunities of a globalised world and to manage risks and to open new life prospects to the European citizens.
- ⇒ A bolder approach is required to develop the **European active population**: making full use of the young people potential, generalising equal opportunities for women and men, spreading active ageing, attracting and integrating more people in Europe.
- ⇒ Taking into account the **climate change trends**, the shift in the European and international consumption and production patterns should be more pronounced.

Therefore, the main **strategic priorities should be kept, but strengthened and complemented by more effective external action** to project them at international level.

Key objectives for the New Cycle

- ⇒ Against this background, the **objectives for the next cycle of the Lisbon Strategy** should be the following:

1. To improve the implementation and the horizontal coordination focusing on the following **strategic priorities**:

A/ To fight **climate change** and to evolve to a sustainable energy and environment pattern;

B/ To improve the **framework conditions for enterprises** and entrepreneurship, taking better advantage of the European single market and the external markets;

C/ To strengthen the **triangle of knowledge** – innovation, research and education – as an engine for growth, employment and prosperity;

D/ To improve **social policies** in order to support people moving to new jobs and to strengthen social inclusion and sustainable social protection;

E/ To improve the coordination of **macroeconomic policies for sustainable growth**.

These strategic priorities should be used to improve the horizontal coordination and the consistency of the integrated guidelines for growth and jobs.

2. To strengthen the implementation at **territorial level**
3. To develop the implementation at **international level**
4. To improve governance and the instruments for **implementation.**

1. STRENGTHENING THE STRATEGIC PRIORITIES: KEY ORIENTATIONS AND INSTRUMENTS

A/ To fight climate change and to evolve to a sustainable energy and environment pattern

The new climate trends are leading to a major change in the production and consumption patterns and to a major redeployment of the industrial base. This central concern with sustainable development and sustainable growth can be turned into a major opportunity if Europe is able to strengthen the lead of this new industrial revolution towards **high-knowledge and low-carbon economies.**

⇒ The key priorities of the **European energy plan** should be swiftly implemented, notably:

- to complete the single market for energy;
- to adopt the framework directive for renewable energies;
- to spread the new energy technologies;
- to promote greening tax incentives;
- to prepare the new UN Framework convention on climate change.

B/ To improve the framework conditions for enterprises and entrepreneurship, taking better advantage of the European single market and the external markets;

Europe should be more focused on the **opportunities for growth and jobs created by globalisation.** These opportunities are in both internal and external markets. This means that the competitive challenge for Europe has a double edge: to increase **attractiveness** and to increase **global competitiveness.**

The attractiveness of Europe is based on a set of comparative advantages which should be strengthen: the size of the European single market, the performance of the infrastructures, the sophistication of the consumers, the quality of the public services, the dynamism of its regional structures.

⇒ This requires to update the **single market agenda** in order:

- to complete the integration of the single market, notably in services and network industries, improving the quality of life of consumers and citizens;
- to ensure better regulation;
- to pursue the modernisation of public services;
- to use standards and public procurement as a leverage for a high-knowledge and low-carbon economy;
- to promote regional development and regional attractiveness.

The comparative advantages for global competitiveness are also changing. The nature of the international division of labour is changing, distinguishing nations not by products and services but mainly by the tasks they perform in the global production chains which are emerging. The comparative advantages of Europe in these global chains are the expertise of the design and product engineering, the environmental technologies, the qualification and creativity of the European workers but also the strategic capacity to organise these global chains.

- ⇒ The review of the **industrial policy** should aim at strengthening these comparative advantages, by improving the framework conditions and fostering cooperation involving big companies and SMEs. At European level, the high level group for each industry should be connected:
 - downstream, to the lead markets and the general clusters which are requiring this industry;
 - upstream, to the technology platforms and the human resources panels which are identifying the research and the skill needs of this industry.

A better connection is required between all these instruments in order to improve the critical competitiveness factors.

- ⇒ Supporting the European companies in the globalised economy also requires a more comprehensive approach in the **external action** of the Union, where:
 - trade policy should address the issues of trade, investment, IPR, public procurement, competition to promote mutual opening of the markets in the multilateral and bilateral framework;
 - a regulatory convergence should be promoted for better standards in the social, environmental and intellectual property areas;
 - international cooperation should be more focused on capacity building to raise these standards.
 - The European single market can also be used as a powerful world global standard setter.

C/ To strengthen the triangle of knowledge – innovation, research and education – as an engine for growth, employment and prosperity;

Regarding **innovation, the comprehensive agenda** recently adopted should be implemented at both European and national levels, putting a strong emphasis on a systemic and a demand-led approach.

- ⇒ A stronger focus should be put on new market opportunities mobilising and connecting all the existing instruments, notably:

- the technology platforms which identify the research agenda;
- the human resources panels which identify skills needs;
- the high level groups for industrial policy, which focus on the critical competitive factors;
- and the European network of clusters which mobilise resources for innovation.

The combination of all these instruments should provide a central engine for growth and jobs.

⇒ At national level, it is crucial to **develop innovation policy** as a catalyst to the transition to a knowledge intensive economy: There is critical path for that:

- to use the European agenda as a leverage to strengthen this strategic goal in the national agenda;
- to spread a richer concept of innovation, taking into account its different dimensions: technological and organisational, in processes or in products and services, based on science or in learning-by-doing, using or interacting;
- to highlight the implications of the innovation system approach for the coordination of policies;
- to define the priority areas of an innovation policy and prepare a tool box of operational measures;
- to open the access to this tool box in order to support innovating projects and companies whatever their sector;
- to focus on some clusters in order to illustrate the advantages of developing partnerships for innovation, as a good practice which can be followed by other clusters;
- to dynamise the national innovation system, by focusing on the missions and the interactions among its bodies, including the flexibility of labour markets;
- to reform public management with implications for innovation;
- to spread skills for innovation and to train innovation managers;
- to improve governance for innovation, by improving the internal coordination of the government and the relevant public departments, by creating public awareness and by developing specific consultation and participation mechanisms with the civil society.

⇒ In the meantime, the effort to strengthen the **scientific potential** of Europe in forefront areas remains critical to renew the growth base and must be increased:

- by fostering the training of human resources for Science and Technology;
- by creating a European labour market for researchers and attracting more people, from Europe and abroad, to research careers;
- by developing the European research area, opening up the national programmes and infrastructures.

⇒ Competitiveness of Europe will also increasingly depend on creativity and attracting talented people. Hence, a particular attention should also be given

to the development of the **creative industries** for their direct contribution to growth and jobs and also for the competitiveness of many other sectors.

- ⇒ Developing **lifelong learning with general access, quality and relevance** should be envisaged as a central priority to achieve the Lisbon goals of a competitive knowledge economy with social inclusion. This means aiming at:
- Generalising pre-schooling education as a main asset for cognitive development of children;
 - Spreading new key competences in primary education;
 - Reducing drop-outs in secondary education, allowing for diversification of choices;
 - Raising access and excellence in higher education, implying governance and funding reforms;
 - Encouraging the choice of vocational and educational training, providing vocational guidance and keeping open pathways;
 - Developing adult learning, with learning organisations, interfaces with labour market policies and new financial arrangements.
- ⇒ Moreover, the search of **excellence in lifelong learning** should strongly be encouraged, by:
- Designing tailor-made learning environments for each learning project;
 - Education and training should be involved in clusters and technology platforms;
 - Stimulating competition and diversification of universities;
 - EIT should be used as leverage for universities modernisation;
 - Improving attractiveness for international mobility and developing a new model of brain circulation.
- ⇒ The **framework conditions for lifelong learning** should also be strengthened by:
- Developing the infrastructure for e-learning;
 - Developing the European infrastructure for skills needs identification;
 - Spreading the access to vocational guidance;
 - Spreading the standardisation of qualifications by levels and competence modules (Bologna, EQF, EQVET) to facilitate mobility;
 - Encouraging working time management and family support services to facilitate access to lifelong learning.
- ⇒ Finally, a lot will depend on the capacity to develop **new financial instruments** for education and training, involving:
- More effective measures and projects using the structural funds;
 - Local arrangements for pre-schooling education and secondary drop-outs;
 - Fees, scholarships and private investment for higher education, including mobility;
 - Sectoral funds, labour contracts provisions, learning accounts and vouchers for adult learning;
 - EIB and private investment for partnerships for innovation and skills;

- A European credit system for lifelong learning.

D/ To improve social policies in order to support people moving to new jobs and to strengthen social inclusion and sustainable social protection;

The structure of employment is undergoing a major redeployment towards new activities, due to the new context created by the transition to a knowledge intensive economy and a low carbon economy, by the European integration process and by a faster globalisation, where emerging economies are competing across the board.

At the same time, the structure of the labour force is also undergoing a major re-composition due to the ageing trends, the immigration flows, the education trends and the emergence a new family types.

According to the Lisbon goals, we need to improve our policy mix in order to create **more and better jobs** with stronger competitiveness going hand in hand with social cohesion. Therefore, in addressing these challenges we should be able to cope with their problems, but also able to turn them into opportunities.

⇒ Against this background, a stronger priority should be given to the political orientations which can address these challenges by **enhancing competitiveness and social cohesion simultaneously**. This is notably the case of the following orientations:

- Developing **skills** by raising the education levels and spreading the access to lifelong learning, with a particular focus on activities where more and better jobs can be created;
- Developing **family friendly policies** to improve the conciliation between working life and family life over the life-cycle;
- Spreading **active ageing** with later and flexible retirement and keeping adequate, adaptable and sustainable **pensions**;
- Developing **flexicure labour markets** for all, using internal and external flexibility and encouraging social dialogue;
- Promoting **active inclusion** with active labour market policies, minimum income support and better access to social services;
- Strengthen **external action** of the Union to promote jobs, improve global social standards and managing migrations.

E/ To improve the coordination of macroeconomic policies for sustainable growth.

The Lisbon strategy and the Stability and Growth Pact should be better combined in order to improve the prospects for growth and jobs creation in a framework of macroeconomic stability. It is possible to develop a more positive synergy between. On the one hand, structural reforms are crucial to increase the growth potential and

if the growth rate increases it will be easier to comply with the public deficit and public debt criteria. On the other hand, macroeconomic policies can give a contribution for **sustainable growth** in three different ways:

- by creating conditions of macroeconomic stability which facilitate decisions about investment and consumption;
- by providing incentives to positive behaviours such as innovative investment in companies or lifelong learning in adult people;
- by increasing factors accumulation and growth potential when redirecting public expenditure towards education and training, R&D and important infrastructures.

⇒ Therefore, some fine-tuning should be introduced in macroeconomic policies focusing on three main points which are already covered by the reviewed Stability and Growth Pact:

- to put more emphasis on the control of the long term sustainability of the public debt, taking notably into account the central problem of the sustainability of the social protection systems;
- to redirect the public expenditure to key priorities of public investment aiming at increasing the growth potential, such as education and training, R&D, innovation and advanced infrastructures;
- to comply with commitments already made to reduce the public deficit, defining trajectories which take into account the objectives of the two first areas.

This fine-tuning of the macro-economic policies should be underpinned by further technical developments in the definition of indicators concerning the sustainability and the **quality of the public finances at both national and European levels**. Against this background, a special focus can be put on the modernization of public services and on the public expenditure in research, innovation and education.

2. TO FOSTER THE IMPLEMENTATION AT TERRITORIAL LEVEL

The implementation of the Lisbon agenda should now be fully translated at **territorial level**:

- by tacking advantage of the **territorial specificities** and ensuring the full use of the endogenous resources;
- by developing stronger European and global **territorial networks**;
- by enabling **cities and metropolitan areas** as main hubs for innovation and creativity;
- by strongly connecting the **structural funds** with the Lisbon goals.

3. TO DEVELOP THE IMPLEMENTATION AT EXTERNAL LEVEL

The European Union has an ambitious agenda for sustainable development comprising its economic, social and environmental dimensions, but it cannot achieve it in isolation. The implementation of this internal agenda needs to be supported by an **international movement of convergence** in the same direction, able to avoid risks of race to the bottom, create win-win games and strengthen collaboration to face common global challenges.

This should be the one of the main goals of the new generation of external policies of the European Union, when defining partnerships agreements with Third countries.

This concern should be more systematically integrated in the **new generation of the external policies** of the European Union for 2007-13, which is now being redesigned according to the following proposals recently presented by the European Commission:

- a broader approach should be developed for the external action of the Union, which combines CFSP, trade and cooperation policies with the external projection of the internal policies of the Union. This means that the external action of the EU should also integrate the external dimension of policies such as research, environment, education and employment;
- a new generation of the EU cooperation programmes is being prepared, based on the new political orientations defined by the “European Consensus”;
- a new approach is being developed in trade policy in connection to the Lisbon agenda, which aims at preparing Europe for globalisation using trade combined with basic standards as well as internal markets as a major lever for growth and more and better jobs.

- ⇒ A new approach should be developed for a **strategic dialogue** between partner countries in a globalised world in order to frame a better use of all these instruments of external action. We are assuming that the method for this strategic dialogue will be more effective according to the following steps:
- First, a general discussion on common challenges we are facing together as global partners;
 - Secondly, a general discussion on development strategies and on some implications for internal policies to meet these challenges;
 - Thirdly, a discussion on new ways of cooperation for capacity building in order to spread better standards;
 - Fourthly, a discussion on the implications of the previous themes for external policies, for global standards and for global governance;
 - Finally, a discussion to define win-win games to develop the strategic partnership.

This dialogue can also be supported by a more systematic identification of all the initiatives of international cooperation between the EU and these partner countries in the fields covered by the Lisbon Agenda, notably:

- science and technology
- markets, entrepreneurship and innovation
- environment and energy
- education and training
- employment and social affairs

4. TO IMPROVE GOVERNANCE AND THE INSTRUMENTS FOR IMPLEMENTATION

1. Identifying clearly the European and national **tool-box** which can be used by each policy. Promote its better use by each policy (see Framework in annex).

2. Improving the implementation of the existing instruments available by each **Council of Ministers** formation and by the respective Committees and Groups, aiming a better articulation both at European as well as at national level:

- identify the tool-box available for each Council formation;
- define a general road map for its application;
- improve the Committees' support work to the Council;
- improve the peer review methods regarding the implementation at national level.

3. Improving the **implementation of the guidelines and the common objectives** taking advantage of the techniques used by the open method of coordination:

- improve the consistency between the reporting and the guidelines;
- define indicators and deadlines regarding the main objectives and invite the Member States to define specific ambitious, but realistic targets for its particular case;
- develop a more intelligent benchmarking, putting good practices in the right context, using progression indicators, developing rankings regarding each Member State capacity to evolve towards the targets set for by each of them;
- improve the monitoring and evaluation process by focusing on the country specific recommendations;
- improve the learning process based on thematic workshops and data bases on good practices.

4. Improving the **articulation between the relevant Council formations**:

- developing the regular interfaces between its Committees or Trios based on concrete issues

5. Improving the action and articulation of the **national Lisbon Strategy Coordinators**:

- promoting a more in-depth sharing of experiences between these Coordinators;

- improving horizontal coordination at national government and at the European Commission level;
- defining a more clear standardization of national programmes and its annual reports in order to underline the progress obtained and the respective responsibilities.

6. Developing the role to be played by the **European Parliament and by the national parliaments**

7. Identifying methods to improve the participation and mobilization of **civil society** and social partners:

- improve the role of the Tripartite Summits and of the macroeconomic dialogue;
- support the role of the European Economic and Social Committee and of its network with the national Economic and Social Councils;
- support the adaptation of the Lisbon Strategy to the specific target-groups ;
- develop various types of partnership to implement projects.

8. Improve **communication instruments** on the Lisbon Strategy in order to involve different types of actors: civil servants, opinion makers, civil society partners, young people, citizens in general.

9. Develop the methods for a better implementation at **territorial level** and support the initiatives taken by the Committee of Regions.

TABLE 1
Modes of Governance by policy

Instruments \ Policies	Monetary (Euro-area)	Budget	Internal Market	Competitiveness	Industrial	Innovation	Environment, Energy	Research	Education Learning	Employment	Social Protection
Exclusive EU Competence	X BCE			X							
Directives, Regulations		X	X	X	X		X	X		X	X
Guidelines - Common Objectives		X			X	X	X	X	X	X	
EU Programmes					X	X	X	X	X	X	X
Reinforced Cooperation						X		X			
Intergovernmental Cooperation								X			
National Reform Programmes		X			X	X	X	X	X	X	X
National sectorial programmes							X				X
National Budgets		X				X		X	X	X	X
Structural Funds					X	X	X	X	X	X	X
European Frameworks									X		

FRAMEWORK 1

Available instruments at national and European levels to implement the Integrated Guidelines for Growth and Jobs

INSTRUMENTS	Legislative at national level	Financial at national level	Political initiatives at national level	Legislative at European level	Financial at European level	Political initiatives at European level
GUIDELINES						
1						
2						
....						