

EUROPE 2020 TARGETS – MYTH OR REALITY?

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Abstract:

At European level, the Europe 2020 Strategy was adopted in order to shift from the current economy to a new economy. The new economy is based on smart, sustainable economic growth and it supports social inclusion. The present paper aims to present the targets and the most important indicators set by Europe 2020, both at European level and in Romania.

Key words: crisis, strategy, indicators, targets

JEL classification: E 24, F 00

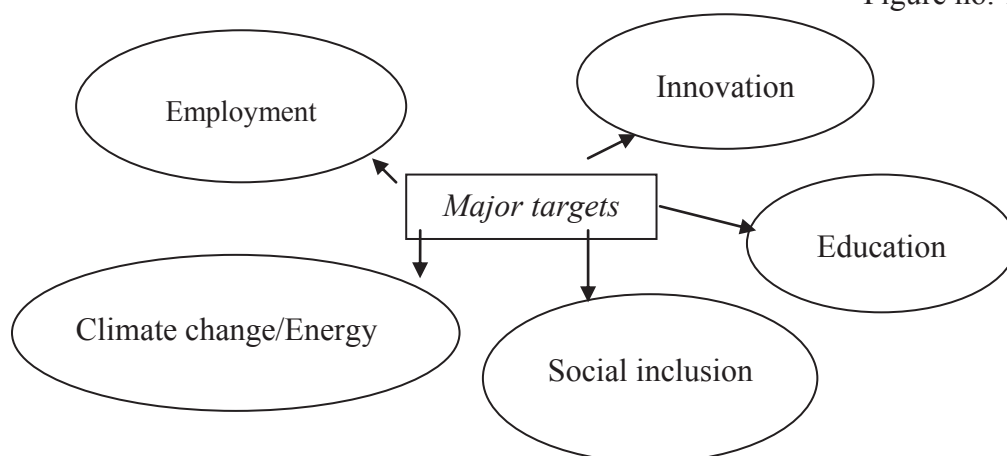
1. Introduction

The current crisis has demonstrated the flaws of capitalism, and especially it has highlighted the strong interdependencies created between the countries of the world. Occurring in the U.S., it has influenced almost the whole world, leading to social events determined by the adopted measures. Overcoming the crisis involves making decisions over a long period of time, especially sustainable and realistic decisions that take into account the present situation. Thus, the EU has made a strategy for the period 2010 to 2020. It should be noted that such strategies on short, medium or long term existed both at the EU level and in each state, but this one seems to be taken as a guide for the future development of states.

The European Union adopted the Europe 2020 Strategy, which was built on the idea of growth. This strategy anticipates that the EU economy will become smart, sustainable and it will support social inclusion. To get an economy like this, the strategy has proposed five major targets shown in Figure no. 1.

Major targets of Europe 2020 Strategy

Figure no. 1



Source: Figure made by the authors using the information taken from:
http://ec.europa.eu/europe2020/index_en.htm

Each major objective includes indicators that for 2020 have different targets to reach. These targets are set at EU level, but each Member State has set a realistic target to be achieved starting from the existing economic realities and the possibilities for future development.

2. Content

In this paper we would like to present the indicators and the objectives to be achieved in 2020 for the five major targets, with the intention of making an analysis of the possibility to reach the proposed objectives. The sovereign debt crisis is another factor, which negatively influences the development opportunities, reducing public spending in some European countries. Even if the Europe 2020 strategy was proposed to determine the transition to a different economy, it now faces this new crisis and it is possible that the proposed targets might not be met.

The major targets of the strategy will be described below, and for each target we will present the representative indicator or indicators.

1. Employment

The first major target of the Europe 2020 strategy aimed to obtain an employment rate of 75% of the people aged between 20 and 64 years. For this target, Romania aims for the same period to reach an employment rate of 70%. In 2010 the employment rate of people aged 20-64 years in the EU was 68.6%, while in our country it registered 63.3%.

2. Innovation

The transition to a smart and sustainable economy must be based on innovation so that the strategy determined that 3% of GDP to be spent on research and development. The reality of Romania has shown that this target is too high for us, so our country established for this purpose only 2% of GDP.

In 2010, the EU expenses with research and development represented 2% of GDP and Romania recorded a value of 0.47% of GDP.

3. Climate change/Energy

Any economy based on sustainable growth must give great importance to the environment. In this area the most important indicators are:

a) 20% reduction in the emissions of greenhouse gases as compared to 1990 (1990 represents 100%). The EU average for this indicator was 85% in 2010, and in Romania it was 48%.

b) the increase of the share of renewable sources in the gross final energy consumption until 20% . The EU average for this indicator was 12.5% in 2010, and in Romania it was 23.4%. We should note the amount registered in our country since 2010 that exceeded the target set by the European Union. For this indicator, Romania has set a higher target than the average in the European Union intending to reach 24% (value easily to be achieved since we are already at less than 0.6%).

4. Education

Education is an area that should be strongly correlated with what is happening on the labor market. The indicators that need to be met are:

a) the rate of young people who prematurely drop out education and training to be lower than 10%. The year 2010 recorded the following values of this indicator:

14.1% in the EU and 18.4% in Romania. For this indicator our country set a target of 11.3%, obviously according to the Romanian realities.

b) at least 40% of the people aged 30 to 34 have graduated higher education or its equivalent. The EU average was 33.6% in 2010, and in Romania was 18.1%. Romania has set a target of 26.7% for this indicator starting from the existing situation.

5. Social inclusion

The new economy pays special attention to poverty, because at least 20 million people are at risk of poverty and exclusion. The most representative indicators to present social inclusion are:

a) persons at risk of poverty or social exclusion. At the EU level the share in the total population at risk of poverty is 23.4% and in Romania of 41.4% (for 2010).

b) persons living in households with low labor intensity. At the EU level the share in the total population of people living in households with low labor intensity is 10% and in Romania 6.8% (for 2010).

c) persons at risk of poverty after social transfers. At the EU level the share in the total population at risk of poverty after social transfers was 16.4% and 21.1% in Romania (for 2010).

Romania declares that it tries to reduce the number of people at risk of poverty or social exclusion, considering a number of 580,000 people (compared to the values recorded in 2008), which would mean a reduction of about 15% in the number of persons at poverty.

Statistical aspects regarding the Europe 2020 strategy published in April 2012 emphasize the elements that compose Europe 2020, bringing forth three priorities outlined at the beginning of the paper:

- smart growth – developing an economy based on knowledge and innovation;
- sustainable growth – promoting a more resourceful, efficient, greener and more competitive economy;
- inclusive growth – fostering a high-employment economy delivering economic, social and territorial cohesion.

The targets set in the strategy were not changed, but there were given seven initiatives established according to the three priorities.

Flagship initiatives on Europe 2020

Table no. 1

Priorities	Initiatives
Smart growth	Innovation Union
	Youth on the move
	A digital agenda for Europe
Sustainable growth	Resource efficient Europe
	An industrial policy for the globalization era
Inclusive growth	An agenda for new skills and jobs
	European platform against poverty

Source: Europe 2020 Statistical aspects on the strategy – April, 2012
http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/context

The initiatives established for each priority are essential for the transition to the new economic model imposed by the surrounding reality, especially by the changes occurring in the world economy in recent years. Obviously, you need to make the transition to a smart, sustainable economy, encouraging social inclusion.

3. Conclusions

The presentation of the Europe 2020 targets and the key indicators for each objective was achieved to construct the big picture of what is intended to be achieved at European level and the indicator values in 2010. At the same time, the targets set by Romania were presented together with the values recorded in the year 2010.

For the employment rate of the population aged 20-64 years there has not been set a high target, but analyzing the evolution in the previous years we consider that we cannot reach the level required especially by our country.

In Romania, the investment in research and development was not supported as it should have been in the period 1990 – 2010, and reaching 2% of GDP is possible only if their economic importance is understood. At European level, it is possible to achieve the target in order to move to the new type of economic growth.

Reducing the rate of the young people who have prematurely dropped out education in Romania to 11.3% is very difficult to achieve, given that in 2009 and 2010 this indicator increased, especially because of the controversy, discussion and frequent changes related to education.

The proportion of population aged 30-34 years with tertiary education level is one of the indicators that are likely to reach the target; the reality has shown that in recent years the percentage of those included in this category has increased. It seems that in our country people began to understand that continuous and sustained training offers many career opportunities, especially employment opportunity in another EU country and beyond. Migrating brain is another big problem in Romania, as part of a qualified workforce and highly qualified people prefer to work abroad. At the EU level the difference to the established target is not big, and we believe that 10 years is sufficient to achieve the target, especially since rates are increasing in the countries placed at the end of the European ranking for this indicator.

The indicator related to the people at risk of poverty or social exclusion, determined as a percentage of these people as compared to the entire population in Romania is decreasing, but it has recorded quite low values in recent years. Unfortunately, the crisis has hit this category, and the newly expected price increases in food, gas and electricity will continue to be affected. During those 10 years, we believe that the values of the indicators will steadily decrease, which is a good thing for our country.

Romania has exceeded the EU proposed target establishing a higher level of share of the renewable resources in the final energy consumption. Supporting the use of renewable resources is important for any economy, especially for the Romanian one.

All indicators of the Europe 2020 strategy have their role in the transition to the new type of economy based on smart, sustainable growth and accentuating social inclusion. Both at European level and especially in our country, achieving the targets involves establishing some supportive measures applied consistently throughout the 10 years.

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