



**ECO/502**  
**Annual Sustainable Growth Strategy 2020**

## **OPINION**

European Economic and Social Committee

**Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank**

**Annual Sustainable Growth Strategy 2020**

[COM(2019) 650 final]

Rapporteur: **Tommaso Di Fazio**

Referral	European Commission, 06/02/2020
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	04/02/2020
Adopted in plenary	19/02/2020
Plenary session No	550
Outcome of vote (for/against/abstentions)	120/1/3

## **1. Conclusions and recommendations**

- 1.1 The EESC welcomes the approach taken by the annual growth strategy for 2020, based on the four key pillars that are the environment, productivity, stability and fairness. It considers in particular that the goal of environmental sustainability represents, as quite rightly pointed out in the strategy, a compass point on which to align the decisions and steps taken by society as a whole, together with the means which it is able and willing to deploy in order to work effectively towards achieving the 2030 targets and climate neutrality. In this regard, the EESC recommends allowing these targets to be brought forward whenever indicators of environmental deterioration make this necessary.
- 1.2 The EESC welcomes the inclusion of the United Nations' 2030 Sustainable Development Goals (SDG) in the Commission's strategic vision for all economic and employment policies, contributing to a European social market economy that works for all and ensuring the sustainability, inclusiveness and competitiveness of growth.
- 1.3 The EESC is convinced that sustainability is a key component of any successful strategy for competitiveness, and that Europe should enhance its economic drivers to this end, boosting its global position as an innovator, based on the circular economy model and on the transition to new sustainable development paradigms. This will create the next generation of trade opportunities, steered by demand for sustainable solutions.
- 1.4 The EESC welcomes the announced change in the annual strategy, moving away from the current thinking that focuses on programming and short- and medium-term objectives to finally make provision for long-term strategies. This is made necessary by the investment needed to implement the environmental sustainability strategy by means of complex, integrated energy and climate plans drawn up by the Member States and approved by the Commission.
- 1.5 The EESC urges the Commission to ensure that this strategic vision incorporates the need for rapid development of smart, interoperative infrastructure networks, both physical and intangible, as these are essential to achieving and developing a single European market that is well-equipped and cohesive, in order to ensure harmonious, fair and inclusive growth.
- 1.6 The EESC agrees with the indications made in the annual strategy concerning investment in the intangible sectors of education, training and skills development, as it sees them as absolutely crucial and decisive. These are long- and very long-term investments to enhance society, its culture and its global competitiveness.
- 1.7 The EESC strongly supports the aim of boosting research and innovation and of increasing the funds earmarked for them - these are long-term strategic investments for the competitiveness of the EU as a whole at international level. This applies in particular in sectors marked by modernisation and replacement with clean technologies in the energy, transport and building heating and cooling sectors, as in all industrial sectors. It also applies to agriculture and services, through the increasingly widespread use of innovative technologies, especially digital, artificial intelligence and 5G technology.

- 1.8 The EESC regrets that the Communication from the Commission gives little space to the annual report on growth in the Union, simply stating that "[t]he near-term economic outlook is overshadowed by a much less supportive economic and geopolitical environment and high uncertainty" and that "investment and potential growth, however, still remain below pre-crisis levels". An acrimonious Brexit process could also have an impact on this situation. In the EESC's view, the greatest priority of all is to restore sustainable growth, above all in the weakest countries and regions, with a strong increase in European GDP in order to generate prosperity and the wealth that is crucial to supporting the strategy.
- 1.9 The EESC approves each of the strategic indications put forward to boost growth and shape the 2020 European Semester. It also agrees with the key issues identified in terms of achieving each of the objectives, in particular the investment needed to implementing the environmental programmes which, under the current Stability Pact and its strict rules, could complicate uniform application of the plans for energy and climate in the Member States. It may readily be ascertained that the environmental recovery targets are met only by the EU countries that comply with or exceed the Stability Pact's requirements. This hampers efforts to achieve the aim that the EU must meet in full, while obtaining a partial result for the entire planet, and moving away from the ambition for the EU as a whole to serve as a benchmark for the other countries of the world.
- 1.10 The EESC hopes that measures governing investment will be studied and adopted and that they will, while taking account of the constraints of the Stability Pact – or by way of exception from them and from the State aid rules – enable all countries to invest the amounts needed to meet their own objectives set in the integrated energy and climate plans approved by the Commission.
- 1.11 The EESC welcomes the proposal set out in the 2020 growth strategy to make use of every means and financial leverage that is already available through the current instruments under the 2021-2027 multiannual financial framework. This proposal was made public in a presentation at the European Parliament on 15 January 2020. It also hopes, however, that the financial means will be increased where there is needed to meet the objectives.
- 1.12 The EESC calls for effective and proactive monitoring by the Commission of the results to be achieved by the Member States on the basis of the agreed energy and climate plans, fostering efforts to help resolve financial and methodological problems rather than apportioning blame.
- 1.13 The EESC agrees on the need to strengthen the stability and resilience of the financial system and tighten the rules governing the financial markets in order to reinforce the international role of the European currency and to take precautions against any future crises that may emerge elsewhere in the world and have an impact on Europe as a result of globalisation. This can be done by beefing up macro prudential rules and other measures aimed at safeguarding the financial stability of the Member States. In addition to the ongoing process of completing the Banking and Capital Markets Unions, the upcoming strategic review of the ECB<sup>1</sup> monetary

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<sup>1</sup> [Introductory statement, press conference, Christine Lagarde, President of the ECB, 12 December 2019.](#)

policy should focus more specifically on fostering economic growth in the euro area and strengthening the international role of the euro.

- 1.14 The EESC highlights the importance of keeping the well-being of people at the heart of the 2020 growth strategy, by preserving and strengthening the social advances that make the EU a world leader.
- 1.15 Regarding the fundamental Pillar of Social Rights, the EESC welcomes the fact that these social rights are highlighted in the 2020 growth strategy. The EESC hopes that, among the objectives of the European Semester, special attention will be given to the gender issue, particularly concerning women's rights at work, the achievement of pay parity, employment protection for mothers – not least to counter the negative demographic trend – and the introduction of significant enhancements to legislation protecting the family. These should include improvements to parental leave for fathers and the creation of a work environment that prevents all forms of physical or psychological violence against women. In terms of gender equality, divorce legislation should also be applied consistently and fairly to ensure that both spouses enjoy equal rights with regard to their children.
- 1.16 The EESC considers that the EU should strengthen its international position in order to safeguard its prosperity, security and the values on which it is founded, taking on a global leadership role, backed by full, convinced and consistent achievement of the United Nations' SDGs and by a rules-based multilateral world order. This should revolve around the UN itself, vigorously upholding the principles of democracy and planetary conservation, the rule of law and fundamental rights.
- 1.17 The EESC is convinced that completing a single market that is well-equipped and cohesive, focusing on the needs of individuals and businesses, can make a key contribution to growth if it focuses on people and businesses, and must be at the heart of harmonious and inclusive European integration that is revitalised, up-to-date and in keeping with the new technologies and infrastructure of a fully interoperable digital single market. In the European Green Deal transition, particular emphasis would be attached to the role of the people-centred enterprise model, such as social economy enterprises.
- 1.18 The EESC believes that more robust single market governance infrastructure needs to be put in place at EU and national level, together with thorough-going administrative simplification, an ambitious process of digitalisation and intensive capacity-building initiatives for all stakeholders.
- 1.19 The EESC considers that turning the proposed strategic vision into reality may run up against risks and resistance if there are no governance mechanisms capable of actively involving citizens and businesses alongside public and private actors at local and regional level, in a bottom-up process than can give voice and weight to practical grassroots demands and problems.

- 1.20 The EESC consequently advocates new governance structures across a range of levels that can ensure the involvement of the local economy and civil society in designing and implementing fair measures that reflect the circumstances in which they operate.

## 2. **The Annual Sustainable Growth Strategy 2020 proposed by the Commission**

- 2.1 The call for a new, long-term and comprehensive sustainable and inclusive growth strategy for the future of Europe – backed by a comprehensive action plan to achieve the SDGs by 2030 – that covers all aspects having an impact on European society and citizens, on the businesses and environment in which they operate, and on industry and its competitiveness, from investment and public procurement to trade, skills, innovation and support for small- and medium-sized enterprises (SMEs), seems now to be shared by all.
- 2.2 With the annual EU growth report, the EU Member States should take account of the priorities that the Commission lays down in it, when they are drawing up their national policies and strategies that will be come together in the respective stability or convergence programmes and in the national reform programmes.
- 2.3 The Communication on the Annual Sustainable Growth Strategy 2020<sup>2</sup> seeks to represent the Commission's point of view on the political priorities that the Member States should take into consideration when framing their economic policies for 2020, and entails mainstreaming the United Nations' 2030 SDGs into all European policies, and in particular:
- environmental sustainability, productivity gains, fairness and macroeconomic stability underpinning a new paradigm for EU economic policy in the years to come;
  - the need to develop this new growth paradigm in such a way as to effectively address the long-term challenges transforming European society;
  - the establishment of European political and economic leadership at global level, based on the new paradigm as a spur for potential growth;
  - short and long-term balancing of the costs and benefits of these policies and of structural reforms: sharing of benefits and minimal costs for the more vulnerable groups of citizens;
  - significant public and private investments to maximise synergies between the various policy goals outlined, in part to "invest record amounts in cutting-edge research and innovation" and in training, and more specifically, to "achiev[e] the existing 2030 climate and energy targets";
  - optimisation of the key factor of the EU budget for 2021-2027 to bring these political ambitions to life: "building on existing and new mechanisms, a Sustainable Europe Investment Plan will deliver investments necessary to deliver on the European Green Deal" and "a Just Transition Mechanism will deal with the most affected regions and ensure no one is left behind";
  - strengthened economic governance and democratic accountability must go hand in hand: enhanced democratic accountability of the European Semester and, more broadly, the

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<sup>2</sup> Annual Sustainable Growth Strategy 2020, [COM\(2019\) 650 final](#).

Commission's intention to continue the dialogue with the Member States and to invite them to involve national parliaments, social partners and all other relevant stakeholders.

- 2.4 The EU and the Member States should now turn these into a strategy and a series of practical measures. If sustainability is to be a cornerstone of policy and action, the European institutions, the Member States and the regions must assemble a range of tools enabling all citizens to take part, at the same time enhancing the quality of life and the competitiveness of the EU economy.
- 2.5 In its resolution of 30 October 2019, the EESC drew attention to the need to "act at all levels simultaneously and create a dynamic of action to address urgent economic, social and environmental challenges<sup>3</sup>", calling for an overarching EU strategy on sustainability in order to implement the UN 2030 Agenda<sup>4</sup>.
- 2.6 In the resolution, the EESC also pointed out that "this paradigm shift requires:
- changes in governance, i.e. dedicated governance mechanisms are needed to address urgent problems faster and tackle complex issues. The role of such mechanisms would be to link the EU and the Member State levels, not to replace action at either;
  - integrating the SDGs into the EU's economic and social monitoring and budgeting processes";
  - equipping the European Semester with "new, improved, measurable and complementary social, economic and environmental indicators to monitor and keep track of all aspects of the European Pillar of Social Rights and its principles as well as the 17 SDGs".
- 2.7 Sustainability is a key component of any successful strategy for competitiveness, and Europe should enhance its economic drivers to this end, boosting its global position as an innovator, based on the circular economy model and creating the next generation of trade opportunities, steered by demand for sustainable solutions. Robust growth in market demand for sustainable solutions requires consistency between policy objectives that are geared to sustainability.
- 2.8 In its additional opinion on the Annual Growth Survey 2019<sup>5</sup>, the EESC emphasised:
- the need to increase public and private investment, especially in social and educational infrastructure;
  - alignment with the UN's Sustainable Development Goals for 2030 and the plan for energy transition and the climate;
  - stepping up structural reforms, in particular regarding structural imbalances and current account surpluses;
  - the use of funds for physical, digital and environmental investment, and for developing skills and qualifications;

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<sup>3</sup> [EESC resolution](#) on the Reflection Paper *Towards a Sustainable Europe by 2030*.

<sup>4</sup> [Transforming our World: The 2030 Agenda for Sustainable Development](#).

<sup>5</sup> [OJ C 190, 5.6.2019, p. 24](#).

- the central role of upholding the social rights to be included in the European Semester on an equal footing with the macroeconomic and fiscal goals;
  - taxation to favour productive investment and spending in the real economy;
  - consultation of the social partners at various stages during the European Semester;
  - the exclusion from privatisation of assets of strategic importance.
- 2.9 On the macroeconomic level, "there is a clear need for a new European economic strategy: a positive narrative for the future development of the EU economy in the wider world that would help increase the resilience of the EU to economic shocks and the sustainability - economic, social and environmental - of its economic model, thus bringing back confidence, stability and shared prosperity to all Europeans"<sup>6</sup>.
- 2.10 There is a need for "sustainable and inclusive growth, reducing inequalities, upward convergence, ensuring productivity growth and competitiveness in line with the Europe 2020 objectives, a business- and investment-friendly environment, quality jobs and adequate pay, combating poverty and social exclusion, stable and sustainable public finances, a stable financial sector, and achieving the 2030 sustainable development goals (SDGs) and the goals of the Paris climate agreement"<sup>7</sup>.
- 2.11 Believing that a realistic future for the EU can only be based on marrying a sound economic basis with a strong social dimension<sup>8</sup>, the EESC "has consistently advocated upward convergence and a more effective social policy at both EU and Member State levels"<sup>9</sup>, with "a clear and coordinated roadmap setting priorities for the implementation of the Pillar and the enforcement of existing social rights and standards". "A new European Semester process should achieve social objectives in the framework of a social imbalance monitoring and new, measurable indicators should be introduced, together with targeted Country Specific Recommendations"<sup>10</sup>.
- 2.12 As part of efforts to strengthen the single market, encouragement should be given to "the creation of a framework that is suited to the development of a range of types of businesses that are ready to meet the challenges facing society". "[T]he different types of business must be brought together and integrated with one another. However, each of these areas requires dedicated attention in terms of legislative measures and public investment", rejecting a "one size fits all" approach"<sup>11</sup>.

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<sup>6</sup> EESC opinion of 17.7.2019 on *Towards a more resilient and sustainable European economy*, [OJ C 353, 18.10.2019, p. 23](#).

<sup>7</sup> EESC opinion of 17.7.2019 on *A new vision for completing the Economic and Monetary Union*, [OJ C 353, 18.10.2019, p. 32](#).

<sup>8</sup> EESC opinion on the *Impact of the social dimension and the EPSR on the future of the EU*, [OJ C 81, 2.3.2018, p.145](#), points 1.2 and 2.2.

<sup>9</sup> E.g. in the following opinions on: *Principles for effective and reliable welfare provision systems*, [OJ C 13, 15.1.2016, p. 40](#); *Impact of the social dimension and the EPSR on the future of the EU*, [OJ C 81, 2.3.2018, p. 145](#); and the *Proposal for a Council Recommendation on access to social protection for workers and the self-employed*, [OJ C 440, 6.12.2018, p. 135](#).

<sup>10</sup> EESC opinion of 25.09.2019 on *The European Pillar of Social Rights - evaluation of the initial implementation and recommendations for the future*, [OJ C 14, 15.1.2020, p. 1](#).

<sup>11</sup> EESC opinion of 17.7.2019 on *Fostering an entrepreneurship and innovation-friendly single market*, [OJ C 353, 18.10.2019, p. 6](#), points 1.3 and 1.5.



- 2.13 The EESC has underlined that "[t]he changes to productive processes and to the economy in general brought about by the new technologies, artificial intelligence and big data will also radically change the labour market" and that it is important that "these changes take place in the context of constructive social dialogue and with due respect for workers' rights and quality of life"<sup>12</sup>.

### 3. **General comments**

- 3.1 The highest priority for the EESC is to recommend strengthening sustainable economic growth. This will create new and lasting jobs and generate the wealth needed to support investment to speed up the growth of overall productivity of circular economy factors, and to step up structural reforms in favour of better governance and greater accountability, especially in the digital and environmental spheres, and in favour of the development of skills and qualifications and the defence of the social rights necessary under the new European Green Deal paradigm.
- 3.2 The shift to a new development model must be based on competitive sustainability as the main pillar of a successful European social market economy. This sustainability should in the future remain a guiding principle, provided it shields people and regions from the costs of changes that will inevitably occur, by means of investment in effective, integrated social protection systems.
- 3.3 The financial crisis highlighted the importance of stable and integrated capital and financial markets, on which fragmentation continues to hamper the growth of businesses and investment: further measures need to be taken, particularly in the financial sector, to restore market confidence and trust in all the Member States.
- 3.4 The EU needs a new economic strategy that promotes constant, inclusive and sustainable economic growth and provides full and productive employment with decent work for all. The EESC is convinced that completing a single market that is well-equipped and cohesive, focusing on the needs of individuals and businesses, must be at the heart of harmonious and inclusive European integration that is revitalised, up-to-date and in keeping with the new technologies and infrastructure of a fully interoperable digital single market. In the European Green Deal transition, particular emphasis would be attached to the role of the people-centred enterprise model, such as social economy enterprises.
- 3.5 Alongside thorough-going administrative simplification, an ambitious process of digitalisation and intensive capacity-building initiatives for all stakeholders, the EESC considers it necessary to put in place more robust single market governance infrastructure at EU and national level. This would entail the proactive involvement of citizens, consumers and businesses, to develop simplified, user-friendly designs and timely, transparent and efficient implementation and application of the single market rules as a basis for a successful transition to a digital, efficient, balanced and sustainable EU in economic, environmental and social terms.

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Idem.

- 3.6 The Committee would draw attention to its earlier views on the need to "clos[e] the infrastructure, regional and cultural digital divide as soon as possible, as it now acts as a brake on the EU's economic and social development and a source of inequality in the living conditions and opportunities for individuals and businesses"<sup>13</sup>.
- 3.7 The EESC considers that, without new governance mechanisms capable of actively involving citizens and businesses alongside public and private actors at local and regional level in a bottom-up process that can give voice and weight to practical grassroots demands and problems, turning the proposed strategic vision into reality may run up against risks and resistance. This could slow down the process of implementation: the EESC recommends that the European and national institutions introduce new governance structures that can ensure the active involvement of the local economy and civil society in designing and implementing fair measures that reflect the circumstances in which they operate.

Brussels, 19 February 2020.

Luca Jahier

The president of the European Economic and Social Committee

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<sup>13</sup> EESC opinion of 18.10.2017 on the *Digital Single Market/Mid-term review*, [OJ C 81, 2.3.2018, p. 102](#), point 1.8.