

Regions utilising their Europe 2020 potentials

More can be done throughout Europe

The three presented indicators provide examples on the existing territorial dimension of smart, sustainable and inclusive growth. They also provide insights on where additional investments and policy initiatives might be needed. In 2010, not one single region in Europe met all Europe 2020 headline targets, nor is there any region or city without potentials to contribute more to smart, sustainable and inclusive growth. For sure, some regions are in a better position than others. The recent GDP development 2000-2010 gives some information about the relation between economic growth and the Europe 2020 achievements.

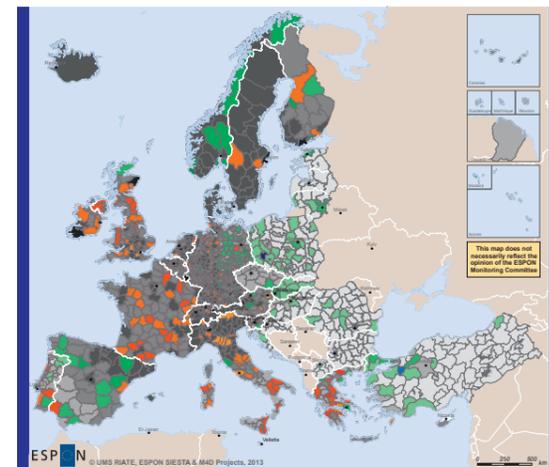
In most regions GDP growth evolved close to EU-average between 2000 and 2010. Thus, the relative position of the majority of regions has not changed during this period. Especially many regions in Eastern Europe have seen progress, but however stayed with GDP per capita less than half of the EU average. Often this coincides with a low overall Europe 2020 performance. These regions have a particular challenging situation in terms of contributing to EU 2020 targets.

At the same time, especially regions in Eastern Germany, Poland and Slovakia had above EU-average growth of GDP per capita. Prior to the current crisis, also some Western European regions improved their relative position in Europe.

However, in the UK, France, Italy, Ireland and Greece some regions have lost positions in relation to the EU average. This is mostly caused by low GDP growth per capita growth rather than decline. The overall performance of these regions related to the Europe 2020 Strategy varies considerably.

Finally, the GDP per capita growth during 2000-2010 has reduced overall GDP per capita disparities across the EU. This development is mainly driven by regions utilising their Europe 2020 potentials.

Map 5 – Change in GDP per capita in PPS in relation to the EU average (EU=100), 2000-2010



Change of GDP per capita, 2000 - 2010.					
2010					
EU27=100	<50	50-75	75-100	100-150	>150
<50	Red	Grey	Green	Blue	Blue
50-75	Red	Grey	Green	Blue	Blue
75-100	Red	Grey	Green	Blue	Blue
100-150	Red	Grey	Green	Blue	Blue
>150	Red	Grey	Green	Blue	Blue

■ Red classes: Worsening situation
■ Grey classes: Stable situation
■ Green classes: Improving situation
■ Blue classes: Large improvement of the situation
 No data

Notes:
GDP in PPS in 2000 at 1975 level, adjusted to the 1975 value in 2010 (data from Eurostat).
EU27 average in 2000 = 100.00 (data from Eurostat).
EU27 average in 2010 = 145.00 euro per capita.
EU27 average in 2010 = 24.50 euro per capita.

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Europe 2020 Strategy for smart, sustainable and inclusive growth

The Europe 2020 Strategy aims at responding to the challenges facing Europe, such as the global economic crisis, climate change and energy security by focusing on three growth priorities for ensuring European competitiveness:

- *Smart Growth: developing an economy based on knowledge and innovation.*
- *Sustainable Growth: promoting a more resource efficient, greener and more competitive economy.*
- *Inclusive Growth: fostering a high-employment economy delivering social and territorial cohesion.*

These three mutually reinforcing growth priorities are meant to guide the EU and Member States, their regions and cities, fostering an economy with high levels of employment, increased productivity and territorial cohesion.

Policy headline targets

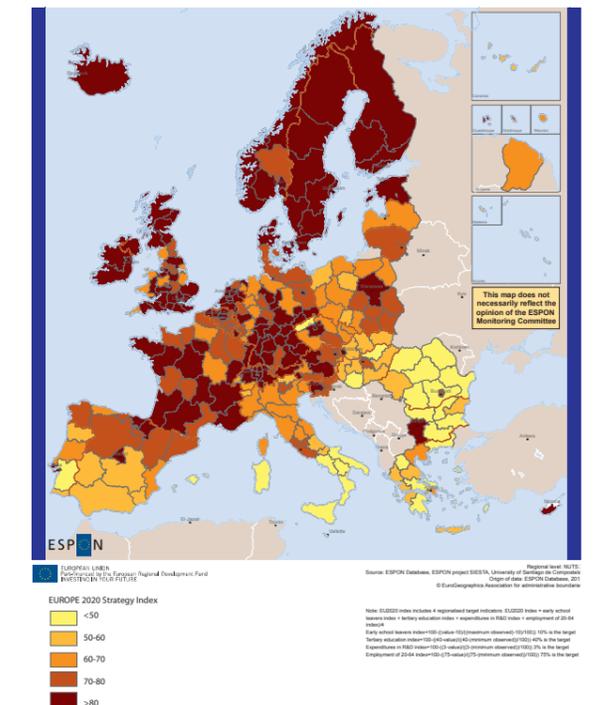
Measuring the Europe 2020 achievements

For each growth priority, policy headline targets have been defined, which are measured by indicators giving information on the achievements related to the Europe 2020 objectives:

- 75% of the 20-64 year-old population employed.
- 3% of the EU's Gross Domestic Product invested in R&D.
- 20% reduction (30% if possible) in greenhouse gas emissions in relation to 1990.
- 20% of energy from renewable sources.
- 20% increase in energy efficiency.
- Reduction of early school leavers to below 10%.
- At least 40% of 30-34 year-old population completing third level education.
- At least 20 million fewer people in or at-risk-of-poverty and social exclusion.

In addition to these target values, each Member State may establish its own values. Depending on the current situation these national targets are in some cases more ambitious and in others less ambitious than the EU targets. Their importance and role in the national and regional governance vary between Member States and regions.

Map 1 – Europe 2020 Strategy aggregate index, combined years from 2009 to 2010



Territorially differentiated implementation of Europe 2020

Centre-North regions perform stronger

The territorial diversity within Europe shall contribute to growth and development of the entire EU. All European regions and cities shall contribute to meeting the targets. However, depending on the local and regional development potentials, cities and regions will contribute to varying extent to the different headline targets of the Europe 2020 Strategy.

Some are better equipped to contribute to certain targets, while some are stronger on other targets. In some cases, cities and regions even perform beyond the European targets. In order to benchmark the current position of regions in Europe in relation to the Europe 2020 Strategy, an aggregate index measures each region's distance to the European headline targets. A region scores 100 if it has reached all targets, while a region furthest away from all eight targets scores 0.

The aggregated index shows the Centre-North in a better position than the rest of Europe. Top regions are located in Finland, Sweden, Denmark and Germany as well as in France and the UK. Some regions in Eastern Romania, Southern Italy and Southern Spain face major challenges in achieving the Europe 2020 targets. Domestic imbalances are particularly visible in Spain and Romania where special attention is required from national and regional policymakers.

Considering the progress made over the last years, regions in the Centre-North of Europe and most regions in Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovenia, Slovakia, Cyprus and Malta are on a positive track towards the Europe 2020 targets.

Selected Europe 2020 targets and their territorial dimension

Indicators providing insight to territorial diversity

ESPON has also analysed the territorial dimension of the individual indicators related to the Europe 2020 Strategy. This can be found in the ESPON Atlas "Territorial Dimension of the Europe 2020 Strategy". Selected from this atlas, an appetizer of three indicators, each related to one of the three growth priorities, allow for first insights on the territorial diversity of regional potentials and challenges for achieving smart, sus-

tainable and inclusive growth. The indicator on private R&D expenditure depicts the private sector contribution to the smart growth of the Europe 2020 target on R&D. Related to the sustainable growth target on renewable energy, potentials for wave power are shown. Finally regarding inclusive growth the regional dimension of early school leavers is presented.

R&D expenditure and smart growth

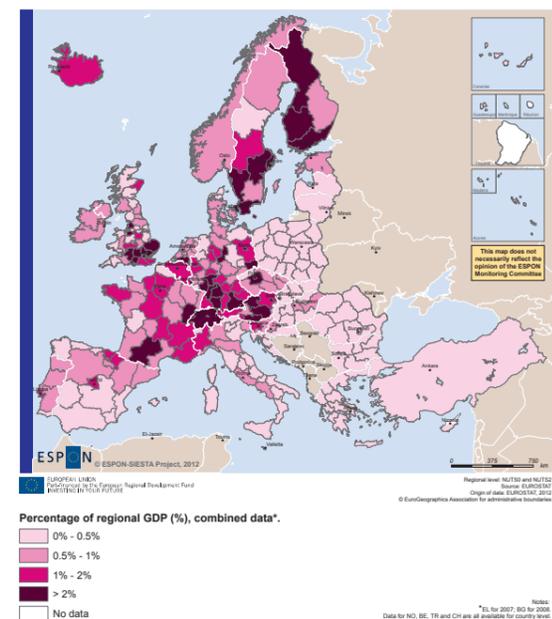
Private sector contributes to achieving R&D target

Increasing R&D expenditure to 3% of GDP has been a target of European policies for more than a decade. Private sector R&D expenditure is crucial for achieving this target.

Private R&D expenditure tends to concentrate strongest in cities and regions in the Centre-North of Europe. Top regions of private R&D expenditure usually have either an accumulation of high-tech industries or institutions of tertiary education and research. Some of the most specialised regions in Germany, such as Stuttgart and Braunschweig, dominated by the automobile industry, have particularly high levels of private R&D investments. In South-East England the proximity to institutions of tertiary education, such as the universities of Cambridge and Oxford, indicates their importance for creating spin-off effects.

The territorial pattern of private R&D expenditure is rather similar to the distribution of human resources in science and technology. Encouraging and supporting these strategic places in Europe, could in broad terms support regional economies in line with the smart growth objective.

Map 2 – Private expenditure on R&D as percentage of GDP, 2007 to 2009



Wave energy and sustainable growth

More use of wave energy potentials can increase share of renewable energy

According to the Europe 2020 targets, 20% of the final energy consumption should be derived from renewable energy. The share of renewable energy varies substantially between Member States. The Nordic Countries and Baltic States mainly have already high shares of renewable energy consumption. Austria, Portugal and Romania have reached the Europe 2020 target on renewable energy.

Various potentials for renewable energy production need to be exploited to achieve the Europe 2020 target.

get. These potentials are tightly linked to territorial pre-conditions, such as the favourable conditions for solar energy in Southern Europe.

A potential which is currently not well exploited is wave power. In particular the western coastal regions exposed to the Atlantic Ocean have strong potentials for making use of wave power for producing renewable energy. The same is the case for regions facing the North Sea and the Mediterranean.

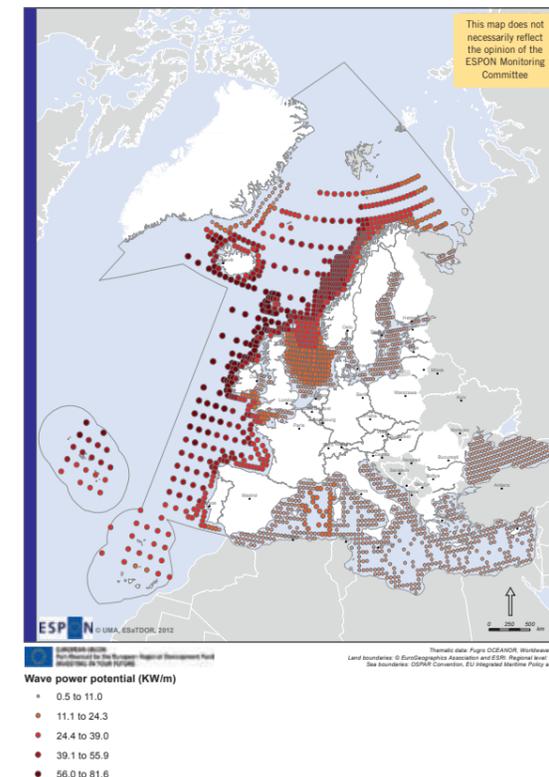
Early school leavers and inclusive growth

Central and Eastern Europe have already achieved the target

High shares of early school leavers are a major challenge for many European regions, which is particularly the case in Iceland, Portugal, Spain and especially Turkey. Best performance, i.e. low levels of early school leavers, are found in Central and Eastern European countries and regions located between Croatia and Poland. Many other regions may need particular efforts to realise a shift towards an inclusive economy. Since the drop-out rate is a structural indicator, changes may occur rather slowly, even if policy actions are taken immediately.

Some Northern Periphery regions, in Scotland, Iceland and Northern Norway, as well as Wales, all display high levels of early school leavers. Although this limits inclusive growth in these regions, the challenges may be less compelling than in some regions in Portugal and Spain, as well as in the majority of Turkey, where drop-out rates of young people are above 30%.

Map 3 – Wave power potential, 2008



Map 4 – Early school leavers from education and training - drop-out rate, 2010

