

Preface

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In 2010, the European Commission (EC) proposed the *Europe 2020* strategy as a means of focusing the European Union (EU) and its Member States on the important task of improving the EU's competitiveness. According to the strategy, its goal is to transform the EU into "a smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion." Today, with the acute phase of the economic and financial crisis in the past, and with signs of moderate but uneven growth and sluggish job recovery amid a number of risks and fragilities in Europe, it is critically important to create renewed momentum around the long-term structural shifts required to meet these goals.

At the heart of competitiveness is the level of productivity of an economy. As such, competitive economies are those that are able to provide high and rising living standards, allowing all members of a society to contribute to and benefit from these levels of prosperity. In addition, competitive economies also have to be sustainable – meeting the needs of the present generation while not compromising the ability of future generations to meet their needs.

The World Economic Forum has been studying Europe's competitiveness for more than three decades since the first edition of its competitiveness study in 1979. Between 2002 and 2010, the Forum undertook the Lisbon Review series, which looked at Europe's progress in accomplishing its competitiveness agenda over the first decade of this century. In 2012, the first edition of *The Europe 2020 Competitiveness Report: Building a More Competitive Europe* assessed Europe's progress in enhancing competitiveness based on the Europe 2020 strategy. The 2014 Report, the second in a biennial series, provides a timely update and review of Europe's progress on its own competitiveness agenda, taking advantage of the Forum's data, analysis and comparisons to non-European economies.

The year 2014 marks the shift to a new European Parliament, EC and its President, and the beginning of the formal review of the Europe 2020 strategy. These open a window of opportunity for Europe to build momentum for the kinds of reforms that can turn potential into productivity gains over the long term. This requires reflecting on the progress towards the Europe 2020 goals as described in this Report, and even

considering how this strategy might need to be adapted to post-crisis Europe in a post-crisis world.

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Finally, we would like to convey our sincere gratitude to our network of Partner institutes worldwide, without whose enthusiasm and hard work the administration of the annual Executive Opinion Survey and this Report would not be possible.