

Consultation on EU 2020: a new strategy to make the EU a smarter, greener social market

Contribution by the Assembly of European Regions

The Assembly of European Regions (AER) welcomes this working document on the future strategy for growth and jobs and acknowledges the effort by the European Commission to draft the concept. Based on an internal consultation we want to encourage the European Commission to take into consideration the following remarks.

Overall remarks

- "*EU 2020 is being designed as the successor to the current Lisbon Strategy*". The new strategy should therefore **avoid the old mistakes** while repeating the successful practice from the past. Energy was undoubtedly one of these objectives from the Lisbon strategy that proved its worth and value.
- Ten years after the launch of the strategy the following conclusions can be drawn: even though the strategy was focused on predominantly economic issues, **Europe hasn't become the first economic player in the world** but it has evolved into a **global leader in delivering sustainable development goals** (while striving to achieve the competitiveness objectives).
- The working document **refers to the most important challenges** Europe faces: climate change and energy, demographic change, the EU as a global player and – foremost – a successful exit from the economic crisis. However, it **lacks to refer to regions as the most important actors to meet these challenges**.
- There is a **clear link between economic growth, innovation and decentralisation**, proven by AER's study "From Subsidiarity to Success". Only if the EU 2020 strategy includes regions in its design and implementation it will be successful.



A competitive, connected and greener economy

- As there is a strong European consensus around the issue of sustainable development, focusing on **energy and a greener economy could give new impetus to the EU.**
- The Treaty of Lisbon confers to the EU an explicit competence regarding the promotion of energy efficiency, further development of energy networks, the enhancement of the security of energy supply, the proper functioning of internal energy market and also sets up a clause of energy solidarity. **The EU 2020 strategy should ensure the proper endorsement of this article**, as all these policies are likely to bring substantial benefits to European citizens.

Creating value by basing growth on knowledge

- Education and research are without doubt important to foster knowledge based growth, though to create more attractive framework conditions for innovation and creativity it is crucial to **look at the whole European territory in all its diversity.**
- **Rural development is not mentioned** at all. An EU 2020 strategy that leaves out rural areas, which account for a major part of European regions, will not succeed in creating growth from which all citizens can benefit.
- To foster knowledge based economy it is important **to provide citizens and enterprises in rural areas with the basic infrastructure and services** (health, postal, social). Also it is important for competitiveness to foster SMEs in these territories; this especially with view to demographic change and millions of SMEs looking for a successor.
- Although we strive towards a knowledge-based economy, it is essential for regions, territorial cohesion and environmental sustainability that we also consider the **employment and growth potential of the agricultural sector** and ensure we can attract workers and also **make it more environmentally-friendly.**
- In the context of the future green economy and objectives of reduction of carbon emissions, **access to natural and raw material resources** are more important than ever (biomass), as a basis for green growth strategies and the development of clean and efficient energy solutions. Such strategies however can only be developed if the EU 2020 strategy has clear links with the CAP.
- In addition, agriculture is one of the sectors least hit by the crisis: this should be taken into account and it is definitely urgent to also consider **quality agriculture as a key asset for future regional development** patterns and a comparative advantage towards intensive agricultural patterns in emerging countries and the US. There, the EU has a part to play and can find economic niches where to develop important areas of growth.

Empowering people in inclusive societies

- AER welcomes that the paper puts strong emphasis on a **social Europe** linked to the economic crisis and a post-crisis transition of Europe's economy toward a green economy (contrary to the first draft of the budget review).
- By focusing mostly on knowledge-based employment and professional mobility, the EU risks increasing social inequalities and territorial gaps. It is therefore essential that EU 2020 Strategy adopts **a rounded approach to growth and jobs** and ensures that sufficient resources are allocated to redress the imbalances caused by the European internal market. Without this, the divide among Europe's citizens and territories would widen, thereby undermining Europe's investment in growth. A Europe of growing disparities would not only limit its growth potential but would simply be unfair.

Making it happen - Harnessing existing instruments in a new approach

- There is a too little reference to multi-level governance including regions and **no reference at all to a bottom up approach**, an approach that will be crucial not only in the delivery of the strategy but also in its development. The current Lisbon strategy only managed to deliver some results when it was broadly rolled out in the regions.
- A thriving EU 2020 strategy **needs to create ownership**. To this end, strategies and policies have to be translated on the ground and regional authorities should be involved in this objective. For this, they need to own the strategies themselves. If it is designed in a top-down manner, it will never reach the ground actors and citizens, as the former Lisbon Strategy at the year 2000 has shown.
- Including all levels of governance is vital as a **major parts of the EU 2020 key priorities are a predominantly regional matters**: development of renewable energies, applied research, culture of entrepreneurship and development of new companies, development of skills according to (regional) needs, SME policy, awareness raising among citizens for issues like skills development, single market.
- AER's study "From Subsidiarity to Success" shows a **clear link between economic growth, innovation and decentralisation**. Also other recommendations issued in recent years by international organisations such as the OECD stress the efficiency – both in financial and output terms - gained from delivering public policies at territorial level and from the involvement of regional and local authorities in policy implementation. (<http://www.aer.eu/en/publications/aer-study.html>)
- Now that the **Treaty of Lisbon** has come into force, the importance of the **principles of territorial cohesion and sub-national subsidiarity**, which are

enshrined in this Treaty, should be underlined and the EU 2020 strategy should not undermine them.

- To make the EU 2020 strategy a success, it **must be ensured that future EU budget and programmes are aligned** towards delivering the key objectives. The failure of the current Lisbon Strategy clearly shows that the isolation of strategies from budgets do not lead to successful policies. Only when Community programmes were “Lisbonised” and Structural Funds earmarked have concrete achievements eventuated.
- To this end, **cohesion policy clearly has a role to play** and the EU 2020 strategy should make clear reference to this policy. A strong alignment with cohesion policy would create more support for the EU 2020 strategy and would encourage ownership of the strategy at all levels of governance. In the past, lack of ownership and lack of understanding on how to implement such a strategy on the ground hindered the Lisbon strategy to be successful.
- However, **cohesion policy should not be subordinated to EU 2020 and coordination has to go in both directions**. While cohesion policy has a clear contribution to make to support regions’ sustainable economic growth, its main objective is to ensure cohesion among all European regions. The EU 2020 strategy should also espouse and promote the principle of territorial cohesion and take into account the diversity of Europe’s territories and their different needs. The fact that rural areas are not mentioned at all in the paper shows that the objective of territorial cohesion is not really taken into account in the EU 2020 draft paper.
- Coordinating the EU 2020 strategy with cohesion policy would also allow for the **incorporation of the territorial dimension in the strategy**. Structural Funds are the only existing integrated mechanism involving sub-national public actors and cohesion policy is an ideal instrument to deliver policies as described in the EU 2020 strategy as, through a partnership approach, it mobilises actors and the implementation of project on regional and local level.
- We should bear in mind, that **the main purpose of cohesion policy is to ensure cohesion among European regions** by improving the use of available resources on the European territory. Therefore, other tools are indispensable to make the EU 2020 strategy happen.

Strasbourg, 14 January 2010