

EUROPEAN UNION



Committee of the Regions

**CONSULTATION
OF EUROPEAN REGIONS AND CITIES**

on a
new strategy for sustainable growth

The Lisbon Strategy after 2010

The Committee of the Regions has decided to launch a consultation of the European local and regional authorities on the future of the growth and jobs strategy after 2010 to enable them to voice their viewpoints and concerns to the European Council.

The outcome of the consultation will be presented and discussed in Brussels during the *Open Days* week (5-8 October 2009), and will then feed into the political message that the CoR will address to the 2010 Spring European Council, where the final decisions will be made.

All the local and regional authorities of the EU can contribute to shaping this message by answering the questions below.

The basic information needed to take part in the consultation, and the relevant questions in all EU official languages can be found at:

<http://www.cor.europa.eu>

All contributions will be publicly posted on this webpage in their original language and in English.

Replies can be sent in any of the EU official languages by 20 April 2009 at the latest.

**Please send your replies in Word format to
consultation@cor.europa.eu**

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1. Please give an overall evaluation of the performance of the Lisbon strategy for growth and jobs, as it has been implemented from 2005 on. In doing so, please express your views separately on the following questions:

1. Were the strategy's goals, pillars and priorities appropriate to face Europe's needs in terms of sustainable growth?

(Its goal is the need to increase the EU competitiveness, building on the social, economic and environmental **pillars**, as specified by the European Council's **Integrated Guidelines and four priorities** (set by the 2006 Spring European Council and confirmed in 2008): unlocking the business potential, especially of SMEs, better regulation; Better lawmaking investing in people and modernising the labour market; and climate change and energy.)

The "Lisbon Strategy" in fact is more a "model" which focuses on certain sectors. One can question whether it constitutes an "overall strategy" at all, in other words whether it really provides a comprehensive strategic perspective. It lacks any kind of "territorial dimension" as defined by the territorial agenda.

The goals, pillars and central themes of the Lisbon Strategy in its capacity as a model are adequate on the whole. The same can also be said of the requirements on sustainable growth. However, all these features should have been integrated into the system of economic exchanges, in other words into the relationship between the macro-economic level (for example, political framework requirements relating to monetary union in Member States' budgetary policies and the EU budget) and micro economic policies. In hindsight, it would have also been useful to take into account the increasingly heterogeneous nature of the EU, resulting from the accession of new Member States.

The 2010 time limit is also inappropriate in terms of its application to a strategy (time limits are more suited to programmes than to strategies), as is the burden that has been placed on the strategy with "shows of strength" (for example, "the best in the world" etc.).

2. Was the strategy's governance effective enough?

(After the 2005 revision, the strategy's **governance** included: the **National Reform Programmes** implementing the Council's **Integrated Guidelines**; the related annual national **Implementation Reports**; the **European Commission's annual progress report**; the Council's **country-specific recommendations** (peer review under the open method of coordination); the **Community Lisbon Programme**, including the actions to be taken by the European Institutions. the appointment of a Lisbon-coordinator (a "Mr" or "Mrs" Lisbon) who has the task to promote the strategy in the respective country and to involve stakeholders in its implementation.)

At first glance, there is little to criticise about the strategy's governance and instruments. Growth and employment in the EU as a whole can only be fostered successfully if the regional and local levels are fully involved. Up until now this has not been the case.

The coordination of policies which is so crucial to the predominantly sector based approach adopted has been weak, not just within the Member States, but also between the EU policies themselves, and between the Member States and the EU. In many cases also, devolution, although it has become a mantra, has been inadequate.

Moreover, the conclusions reached in connection with the territorial agenda, that all EU regions (not just cities and growth areas, but also rural and outlying regions) can successfully contribute to the Lisbon Strategy goals, were taken on board too late and therefore had almost no influence on governance.

Which quantitative and qualitative indicators proved useful to monitor the achievements of the strategy and draw comparisons with other countries and regions? Please briefly describe your experience.

AEBR can only provide general comments on quantitative and qualitative indicators, and is not in a position to comment on comparisons with other countries and regions.

Based on our experience, especially with the INTERREG programmes which have a track record of creating added value and furthering the Lisbon Strategy goals, in practice focus has mainly been placed on quantitative results and administrative issues, and unfortunately less on qualitative results. In spite of all the indicators, the most important question remains: Are the political aims, at either national or EU level, being achieved with the resources employed?

ESPOON has developed a "composite indicator" made up of several sub-indicators to measure the Lisbon Strategy performance of regions (ESPOON projects 2.4.2). It would be interesting to use this indicator in the future, to see also how border and cross-border regions perform in comparison to other regions.

2. Do you think that an overall European strategy is needed after 2010 or do you think that a simple mix of EU sectoral policies, coupled with national policies, is sufficient to effectively promote sustainable growth and jobs without the "umbrella" of a single strategy? Please explain the reasons for your answer.

An overall European strategy is needed in order to guarantee balanced, harmonious and sustainable development in Europe, particularly at regional and local level, thanks to EU policies and funding, as well as:

- **polycentric development** of Europe with a balance between development opportunities for conurbations/metropolitan areas and for rural areas;
- a **new policy for rural areas**. The political and economic costs of rural decline are very high and cannot be offset by rapid growth in metropolitan areas;
- **cross-border cooperation** should be a pillar of **cohesion policy**.
- It is in the political, economic and social interests of the EU and the Member States to support the new territorial cohesion principle.
- Territorial cohesion, like territorial cooperation, is a **European priority** and a **political goal** of the EU (both territorial cohesion and territorial cooperation are usually national priorities).
- Territorial cohesion is closely **linked to** the shaping of **territorial development**. Ideally, territorial planning and sector based policies would be thoroughly interconnected.
- **Economic and social cohesion** are **sector based policies** which have a bearing on:
 - polycentric development
 - sustainable development;
 - European Spatial Development Perspective (ESDP), etc.
- All these and other sector based policies are **integral components of territorial cohesion**.
- **Territorial cohesion** as a **horizontal goal** (and challenge), involves more than just economic and social cohesion, since it not only affects the entire EU area, but also **all areas of life**.
- **Territorial cohesion as a horizontal goal is a cross-cutting challenge which requires coordination** between the various sector based policies.
- If territorial cohesion were to be defined, our definition would be to say that it provides "**the strategic political framework**" for all sector based policies. These need to take into account the goals of horizontal, territorial cohesion policy.

A simple policy-mix will therefore not suffice. This means that an overall European strategy for the period after 2010 will be needed, not least also because the territorial scope of European policies to date has been limited (see comments under point 4).

3. If you are in favour of a new overall European strategy, please say which features would improve its effectiveness over the Lisbon strategy as it currently stands.

The European Union should be developed in such a way that it becomes a community of values, based on shared cultural, social, economic and political goals. Otherwise there is the risk that the EU will consider its purpose to be to foster economic growth and competition (which would not be in tune with the territorial agenda). So a comprehensive European strategy is needed.

There should be an overall European strategy that takes a horizontal approach (see also point 2, first paragraph), and the sector specific policies would be integrated into this. The results achieved through such sector specific policies would in turn influence on any future strategy through exchanges between the two.

3.1 Should there be more, fewer or the same number of priorities in a new strategy? And what should these priorities be?

(Council priorities: see footnote 1.1)

The priorities should, as explained under point 1, be integrated into a territorial dimension, into the new, overall strategy, and into economic relations (macro/micro). The heterogeneous nature of the EU will need to be taken into account here. At the same time, it should be made clear that these priorities are achievable even though the points of departure differ between more and less developed Member States and regions.

Considering the global challenges being faced, and the impact they are having (for example, closure or relocation of businesses, total or partial sale of European production sites to investors from non-EU countries, serious flaws in energy transport networks), **territorial policy priorities seem to have limited territorial scope**. A **territorially broad European priority** in which **Europe** is treated as an **integrated system** is needed. The existing territorial fragmentation of the EU, which has had a serious impact on territorial cohesion to date, needs to be overcome. Incoherence resulting from differences between Member States need to be removed in order to create an integrated Europe (see also long-term ESPON scenarios up until 2030). This affects:

- Raw material provision and processing to the EU (energy sector, steel).
- Mergers at European level that do not comply with national anti-trust legislation.
- National competition in areas of technological development of global importance.
- The need for territorially wide-ranging risk management (for example, areas suffering from drought or floods. These often include border regions).

**3.2 Should there be more, fewer or the same number of objectives (guidelines)?
And what should these objectives/guidelines be?**

(The **Integrated Guidelines** (macroeconomic, microeconomic, employment) can be found here: : http://ec.europa.eu/growthandjobs/european-dimension/index_en.htm

Our comments under points 1 and 2 should be taken into account when integrated guidelines are drawn up.

3.3 How should the cost of the strategy be addressed and the possible trade-offs emerging within the strategy – i.e. when resources have to be allocated to the strategy's different goals?

In allocating funds, attention should be paid to the added value that is achievable and to the full exploitation of the potential at regional level.

- Given that **regional diversity in Europe** is considered as an **advantage**, the various regions in Europe should be treated equally, but, even so, not in the same way. This applies especially to **border regions**.
- Special consideration needs to be given to **regions with special problems**, for instance border, maritime and mountain regions (see also the EU Treaty).
- The importance of border and cross-border regions has grown: 32% of the population live in border regions which represent 40% of the enlarged EU's territory.
- Accordingly, EU aid programmes for cross-border cooperation must be applied **to all border regions** across Europe and should help to **solve all existing problems on borders** (not just of an economic kind) both in the present and future, otherwise it will not be possible to make the most of the existing potential.
- In the long term, **cross-border cooperation** as a territorial cohesion policy will remain **one of the few EU instruments** which can be used to reach out to the public and the regions in an enlarged EU, and to guarantee subsidiarity and partnership close to the public.
- It has been seen that **cross-border cooperation** creates European, political, institutional (governance), economic, social and cultural **added value**.
- Cross-border cooperation makes a practical contribution to the implementation of the Lisbon Strategy because it **always creates additional value in relation to national measures** thanks to:
 - The additionality of cross-border programmes and projects,
 - Synergies created by cross-border cooperation,
 - Joint research and innovation,
 - Cross-border networks,
 - Exchanges of "best practice", experience and knowledge,
 - "Spin-off" effects as borders are overcome,
 - The efficiency resulting from the cross-border management of resources.

- To date the potential of cross-border cooperation **not been fully drawn on** (for example: cooperation on health, research and development, avoiding double investment [critical mass] in infrastructure, environmental protection, services of general interest).
- Territorial cooperation should benefit from substantially higher funding after 2013. Territorial cooperation is undervalued as a political goal, even though it has led to comparatively positive results.
- Cross-border cooperation should remain the first political priority within territorial cooperation, not least because it seems to be the only form of cooperation capable of also absorbing funds that are growing.

4. How should competitiveness goals be reconciled with economic, social and territorial cohesion goals?

Territorial cohesion, which involves more than just economic and social cohesion, plays a major role here:

- Cohesion policy should not just be a mechanism for solidarity, but a policy which covers the **entire EU**, enabling all European **regions** to tap into their different, inherent **development potentials**. This is not just a matter of reallocating funding or concentrating it in particular areas. **All regions**, including underdeveloped and rural regions, can and must contribute to the goals of an overall European strategy, in line with their potentials.
- Cohesion policy should contribute to territorial cohesion and respond to new challenges (globalisation, demographic change, climate change, etc.). However, it is not the only, nor the most important, instrument for dealing with these challenges.¹
- **Cross-border cooperation must become a key part of cohesion policy** and a political objective in its own right, which needs to be further strengthened. Such cooperation is one of the best examples of how added value and territorial cohesion can be achieved.
- **Territorial cooperation** contributes, in the framework of territorial development planning at European level, to **territorial cohesion**, and helps to **tackle the territorial fragmentation of the EU**, as well as the inconsistency and lack of coherence caused by national differences. Only then can **new challenges** such as climate change, an ageing society and the dual use of renewable resources for energy and food be **dealt with** better (close correlation between territorial policy and cohesion policy).
- These **new challenges** have a **direct influence** on **border regions**, especially rural ones. Without an **adequate territorial policy to support regional areas**,

¹ Conclusions of the 2006 AEBR annual conference in Pamplona "Territorial cohesion – looking into the future of our EU".

migration into metropolitan and urban agglomerations will increase, along with substantial migration out of border and rural areas. Regrettably, even today, there are **several border regions where this is happening**.

- **Metropolitan/urban agglomerations and rural areas are mutually dependent on each other.** Metropolitan and urban agglomerations cannot survive without corresponding rural areas around them. At the same time, rural areas cannot develop without an adequate centrality in their vicinity. Centrality fosters mobility, but does not necessarily cause migration out of border/rural areas (place of residence/work place).

Competitiveness should not just be defined in global or national terms (see the territorial agenda). Consolidating regional competitiveness in general (taking into account underlying differences between individual regions, especially as regards their capacities) is just as important as labour market policy, rural development policies and territorial cooperation.

5. Would you keep the same kind of governance of the present Lisbon strategy, or would you change anything?

(Governance: see footnote 2.1)

If there were to be a new, overall European strategy, the political governance mechanisms would need to be adapted (to take into account the territorial dimension, greater role for the regional and local level).

- A coherent, long-term policy would need to include all key EU policy areas and ensure better coordination between them than has been the case in the past: territorial development planning; cohesion, regional and agricultural policy etc. Considering the consequences of European integration and globalisation, this policy would need to foster a more decisive, polycentric development of Community territory than before (by means of territorial cohesion and cooperation).
- **New forms of cooperation are needed at all levels.** Better coordination between EU cohesion policy, **other Community policies and national policies** is urgently needed.
- Support should be given to a more **strategic approach** and **better allocation of responsibilities** (not competences) between the various institutional levels, as well as to further devolution.
- The goal of "new governance" will not be achieved as long as it is based on traditional hierarchies and national administrative structures and competences. Differences between the Member States cannot be harmonised. The **lowest common denominator** would then serve as a common basis, with players only being able to act within the scope of their own competences.

- The conclusion to be drawn from this is that **instruments** (such as the EGTC) in which the various **administrative levels** and their **competences do not play a decisive role**, need to be **developed** and applied in practice. In a cross-border structure, decisions are reached jointly and are then **implemented on both sides of the border** by the partners in each Member State (**in tune with national administrative structures and competences**). **It is all about the instruments and not the administrative levels of cooperation.**
- In "New Governance" neither a comparison of competences, nor cooperation between **equivalent levels of competence is useful** since these operate at different levels and **with different responsibilities in each Member State**. "New Governance" is about **carrying out important tasks with suitable instruments**, with competences remaining in the hands of national, regional and local authorities. Hence it will only be possible to delegate tasks to an instrument.
- **The secret of successful cross-border cooperation** is to avoid terms such as "administrative level" and "competences", and to instead work with concrete instruments and tasks.

5.1 In the latter case, which aspects would you change?

- Regional policy and ESDP as territorial tasks should play a **coordinating role**.
- **More consideration** will need to be paid in the future **to the political goals** of territorial cohesion and the territorial agenda in sector based policies at European and national/regional level.
- It is also important for EU policies to pay closer attention than in the past to **national / regional / local policies and vice versa**.
- **Sector based EU policies** need to be synchronised better taking into account the **territorial dimension**.
- At **national level** better conditions could be created, for example, by:
 - Taking into account **cross-border territorial development initiatives** (which already exist in several cross-border regions) **in national territorial plans** in order to guarantee cross-border planning specific to each region.

5.2 What changes are needed compared to the situation today?

Sector based policies (European and national) need to be examined with regard to their territorial effects (for example transport, agriculture, research, innovation and development, education). It would therefore seem useful to develop long-term horizontal strategies and programmes, especially of a cross-border kind, into which medium-term practical sector-based policies would be integrated (mutual dependence, since the results of medium-term sector based policies would contribute to updates in the long-term strategies and programmes).

- The promotion of territorial cohesion through European regional and cohesion policy can **be improved** best by adopting the following approach:
- Direct and demonstrable **participation by regional and/or local authorities** in the setting of goals, the creation and management of EU programmes and funds, and the monitoring of results is required. This is necessary in view of the **shortcomings** which are currently being noted in the implementation of partnerships and subsidiarity.

5.3 What role should be played by the different government levels in defining and implementing the future policies for growth and jobs in Europe? What kind of mutual relationship should they build in order to make policymaking as effective as possible?

- Europe is a **political construct** in which **people traditionally live out democracy and participate in political life at regional and local level**. This conception of democracy involving activities that are carried out close to the public are a **shared feature of European decision-making processes**, in which regional and local authorities, along with their elected representatives play a dominant role.
- *Regional and local authorities* today carry out a **large part of their internal political tasks close to the public**. The regional and local levels have proven that they are best placed to carry out numerous EU programmes and projects successfully, especially those relating to European cohesion and regional policy and cross-border cooperation.

An enlarged EU needs territorial cohesion and a **coherent implementation of the "bottom-up" principle** that takes into account subsidiarity and existing partnerships, and is based on **participation by all stakeholders**.

- "Multi-level governance" is nothing new in cross-border cooperation. Since the beginning (1985), it has provided the only opportunity for carrying out cross-border cooperation.
- Since cross-border cooperation structures do not have their own competences (almost no competences are transferred to national, regional and local authorities, or even to EGTCs), those involved in such structures have managed to **operate on both sides of the border through networks, partnerships and subsidiarity, and in spite of different competences and structures**.

EU priorities should help to make sure that cohesion and regional policies set out strategic guidelines and guarantee the strategic coherence of programmes. All other, important areas of policy should be pursued at the regional and/or local level in partnership with national and European levels, and the social partners.

6. Which Lisbon-related policies/actions should be given priority now to help cope with the present deep economic crisis while increasing European competitiveness? In particular:

These issues concern first and foremost the regions.

From the AEBR's point of view, Lisbon Strategy-related political measures and initiatives to overcome the current major crisis should focus on the following factors:

- Closer adherence in the Member States' and the EU's regional policies to the principle that all the available, endogenous potential needs to be promoted (medium and long-term measures that have added value),
- Gradual move away from short term support measures that are above all aimed at attracting foreign investment, especially in the new Member States,
- Sustainability of measures,
- Preservation and creation of new jobs,
- Short-term implementation,
- Guaranteed short-term provision of financial resources which the economy (especially SMEs) needs, through financial institutions, with acceptable conditions.
- medium and long-term support for the construction of regional and local financial circuits (for example, systems involving savings banks or popular banks geared towards guaranteeing the availability of finance for SMEs locally, especially in countries in which financial markets are highly centralised, in other words where a small number of large banks dominate).

Since the programmes that have been provided at European and national level to overcome the crisis and safeguard financial flows go into billions, they need to be accompanied by safeguards for financial institutions. Due to the low discount policy of European central banks, financial institutions must allow any additional liquidity that is gained to flow directly into the economy.

6.1 Which policies/actions do you feel would be most effective in producing results in the short term and should thus be implemented now?

It has been shown that the economy's reliance on the "knowledge economy" in a neo-liberal context was a major cause of the crisis. Political measures must therefore be targeted at this area, in order to ensure the very strong social polarisation which it has led to is avoided in the future. For example, the ongoing pressure for low wages further weakens the European internal market and hence also consumption (in other words, also growth). This has an impact on private household debt etc.

Political measures should therefore lead to substantially improved conditions and to a unified framework for the monitoring of financial markets and financial institutions worldwide and in Europe.

Promising, concrete short-term measures are to be found in, for example:

- Infrastructure (as long as projects are achievable in the short term),
- Public investment,
- Safeguarding of competitive businesses' liquidity.

6.2 And which ones do you feel are most suited to giving long-term results, provided they are also implemented now?

Considering the remarks made in point 6.1, any future strategy should take macro-economic policies into account, in order to avoid a new crisis. The current social polarisation has not only global, but also territorial implications, especially in agglomerations/cities, as well as in rural areas.

The measures adopted against the crisis to date have had a very strong sector based character (major infrastructure, car industry), and in the long term they have to be integrated into a coherent strategy, one in which regional and local authorities can play a major role.

Monitoring of short-term results is the best way of establishing which measures are having an impact, and will lead to success in the long-term as well.

Background: the growth and jobs strategy so far

Achievements, failures and open questions

2010 will be the last year of the Lisbon strategy for growth and jobs, launched in 2000 to increase Europe's competitiveness.

Key quantitative indicators and their target values were set, to monitor progress made by each Member State and facilitate comparisons and peer review. By 2005, as insufficient progress had been made, the strategy was reviewed to make it more effective by increasing its ownership by the relevant actors. To this end, a list of guidelines was established, covering macroeconomic, microeconomic and employment dimensions, and bringing together the economic, social and environmental pillars of the strategy. A new governance mechanism was also set up, in which each state drafted a National Reform Programme and provided a yearly progress report. Member States are given yearly "country-specific recommendations" by the Spring European Council.

In spite of some progress, the outcome of the strategy is mixed. On one hand, its quantitative goals will not be reached by 2010, peer pressure and country recommendations do not seem to be providing their expected effects; coordinated and integrated multi-level policymaking is not as widespread as it should be. On the other hand, there is much greater awareness of the growth and jobs agenda than before and it does inspire policymaking at different government levels.

The 2010 Spring European Council will decide what comes next. The 2008 Spring Council called for a debate, which is now taking place against the backdrop of the deepest economic and financial crisis Europe has seen for many decades.

The CoR approach to governance of growth and jobs policies: integrated, multi-level policymaking

The Committee of the Regions is convinced that, to pursue Europe-wide growth and jobs goals, cities and regions have to be involved. However, after three years of active monitoring through the Lisbon Monitoring Platform, the Committee of the Regions has stated that the strategy failed "to convert the Lisbon objectives into integrated policies at all levels of government" and that this hampers an effective implementation of its objectives. In its November 2008 outlook opinion on the Lisbon Growth and Jobs strategy, the Committee of the Regions stressed the need for: better coordination of jobs and growth policies at different levels of governance; integrated growth and jobs policy at all levels; and multi-level governance agreements.

Facing the present economic crisis: competitiveness as a pillar of the European Recovery Plan

Boosting Europe's long-term competitiveness is one of the two pillars of the European Economic Recovery Plan. The second pillar is a strong stimulus to the economy through public spending, and will help long-term sustainable growth goals as it focuses on "smart investments" (e.g. clean technologies, education and training). The plan's competitiveness pillar is grounded in the four priorities of the Lisbon strategy for growth and jobs: people, business, infrastructure and energy, research and innovation.

In the coming months, the EU local and regional authorities will be getting involved in the quick and full implementation of the spending measures of the Recovery Plan and in taking action to make the most of the last year of the Lisbon strategy.

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