

Mr. Hannes MANNINEN
Minister of Regional and Municipal
Affairs
Office Kirkkokatu 12
PO Box 26
FI-00023 Government
Helsinki, Finland

16 November 2006

THE SECRETARY GENERAL

Dear Mr Manninen,

In view of the forthcoming Informal meeting of Ministers of Regional Affairs under the Finnish Presidency on cohesion policy programmes in support of innovation and competitiveness, I would like, as Secretary General of UNICE, to share with you the business view on this issue.

In order to guarantee the prosperity of our regions, convergence **and** competitiveness must be viewed as complementary and mutually reinforcing. Therefore, priority should be to make the Community cohesion policy more supportive of innovation and competitiveness-enhancing processes.

In a context of limited EU budget resources and funding for heading 1a "Competitiveness", it is welcome that last December the European Council decided that for the period 2007-2013 member states should earmark a large proportion of the funding for cohesion policy to competitiveness. Each Member State must demonstrate in its National Strategic Reference Framework and operational programmes that competitiveness-targeted expenditure will outperform previous achievements.

The earmarking for competitiveness-enhancing expenditure from the funding for cohesion policy has highlighted the link between regional development and convergence with competitiveness. In this regard, we appreciate that many new member states, which are not legally bound by these commitments, have decided to endorse them as well.

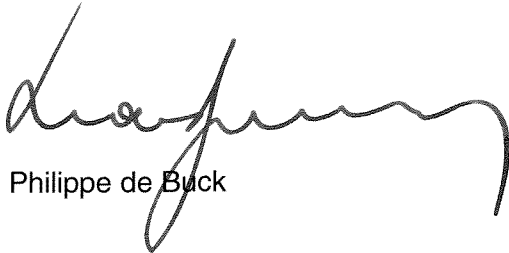
However, the business community has been disappointed by the unnecessary broadening of the list of expenditures eligible for earmarking, which shows some reluctance towards a real commitment to refocus EU cohesion policy to support competitiveness. In order to foster competitiveness in Europe, spending should focus as much as possible on research, innovation, networks and training.

Accountability must be enhanced in order to ensure correct management of the funds. We strongly support the partnership principle that encourages social partners' involvement in the creation of programmes. Taking into account business needs in the process could mobilise greater expertise and generate more competitive outcomes.

We are looking forward to working with you on this issue further.

UNICE's position on cohesion policy and competitiveness is spelled out in greater detail in the paper attached to this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philippe de Buck', with a long, sweeping flourish extending to the right.

Philippe de Buck