

11 April 2008

**NOTE FOR MR LUC VAN DEN BRANDE
PRESIDENT OF THE COMMITTEE OF THE REGIONS**

**MEETING WITH A BUSINESSEUROPE DELEGATION:
PHILIPPE DE BUCK, SECRETARY GENERAL
MARC STOCKER, DIRECTOR ECONOMICS DEPARTMENT
EVA MARIA REVILLA, ADVISER, EU BUDGET AND REGIONAL POLICY**

BUSINESSEUROPE Priorities



Implement the reforms for growth and jobs

- Strengthen the link between research and innovation
- Adopt an efficient patent system
- Pursue a broad programme of better regulation
- Fight against public deficits
- Foster entrepreneurship and SME growth



Integrate the European market

- Ensure effective implementation of internal market rules
- Invest in efficient European network industries
- Remove all hurdles to movement of workers, goods, services and capital
- Implement the services directive which will effectively foster growth and jobs
- Take advantage of the opportunities of an enlarged European Union



Govern the EU efficiently

- Proper functioning, efficiency and transparency of the EU
- Improve economic governance to move to higher growth
- Coordinate better international, trade and development policies
- Fix budget and policies to enhance competitiveness



Shape globalisation and fight all kinds of protectionism

- Conclude an ambitious WTO Doha Round
- Open new markets through bilateral trade and economic agreements



Promote a secure, competitive and climate-friendly energy system

- Fully implement the internal energy market
- Keep all energy options open, including nuclear
- Foster an international solution to the climate change threat



Reform European social systems to respond to global challenges

- Stimulate the flexicurity debate for more growth and jobs
- Secure the availability of skilled workforce e.g. through economic immigration
- Adapt social systems to an ageing population
- Give the necessary space for the social dialogue

Main points of BUSINESSEUROPE position on cohesion policy

BUSINESSEUROPE is actively involved in the debate on the future of cohesion policy. The budget for cohesion is 347 billion euros for the period 2007-13, and funds allocated to new member states represent around 2.5% of their GDP per year.¹ Cohesion policy represents large sums of money that should be well spent.

For this new programming period 2007-13, the strong link between regional development policy and the Lisbon priorities has allowed an interesting approach linking regional development and competitiveness. This has led to the definition of regional strategic plans for economic and social development in the OPs, and it can be considered a real improvement compared with the way the structural funds were managed in the prior programmes. But there is still a lot to do.

BUSINESSEUROPE wishes to work closely with the EU institutions in order to frame an effective cohesion policy supportive to competitiveness and regional development. In that field, the key points for the business community, presented in our position paper on the future of cohesion policy, can be summarised as follows, as an introduction to the discussion:

1. **Because of the rarity of public resources**, regional development policy has to be thought of in terms of investment into local development, and not as the perpetuation of assistance, or as a redistribution policy.

In other words, regional policy's *raison d'être* is to bring **added value** to regional development **and exert as much "leverage effect" as possible on private investment, training growth and job creation.**

This implies:

- **An effective implementation of the partnership principle**, where businesses and more widely social economic partners have to be really involved **in the field** (not only at the EU or national level) in the

¹ Source : ECB, March 2008

programming process of the programmes. The survey that BUSINESSEUROPE made recently shows that there is still a lot to improve on that matter

- **A simplification of the territorial management procedures.** The new programmes are presented as easier to manage but, in reality, difficulties still remain with the regional state aid map coming from DG competition.
- **A real evaluation of the programmes** that has to be completed by independent entities or maybe by evaluators from other countries, not by the local authorities in charge (How can the advisers be also the payers?)
- **Make better use of EU grants by creating an investment strategy through PPP-type projects that is scrutinised and supported by private sector stakeholders.** This form of delivery of EU funded programmes can create added value allowing higher-risk investments and provides opportunities for the private sector. Investment should focus on new synergies at the local level to anticipate economic changes (lifelong learning, vocational training, links between enterprises and universities, local clusters, etc.)
- **Coordination, coordination and coordination.** We have long called for good coordination between all structural and cohesion funds and rural development. Good coordination is also crucial between all levels of financing, including the private sector, to ensure effectiveness as much as possible. We would like to remind that there are three different management authorities and three different steering committees, so coherence is just a need between the different Commission Directorates involved in regional development such as DG Regional Policy, DG Agriculture and DG Competition.

2. In terms of content, the EU regional policy must in priority:

- **Foster innovation and productivity.** Social systems will only be sustainable in an ageing society if innovation and productivity are enhanced through appropriate framework conditions. This is one of the main priorities in the use of the European Regional Development Fund (ERDF). Here the

involvement of companies is crucial if we want to achieve this objective. The need of regional infrastructure for innovation or the existence of company concentration for cluster development should be checked first. The development of energy-efficient technologies should also be addressed. New economic incentives in order to fight against climate change and favour the compliance with emission reduction targets should foster regional innovation in the field of renewable energy.

- **Contribute to the development of a business-friendly climate in the region.** Cohesion policy must focus on the improvement of the economic framework conditions of a region, in order to allow companies to adjust to new market conditions and to become more competitive
- **Increase the adaptation of workers, enterprises and entrepreneurs.** This is one of the priority actions of the European Social Fund (ESF). Anticipation of economic restructuring is essential but so far this objective has not been achieved. Only 17.8% of the ESF resources are used to achieve this objective. Regions tend to invest more in other ESF priority actions such as social inclusion, which could be considered “ex-post measures”, instead of focusing more attention on upgrading labour skills and thereby enhancing the employability of workers
- **Adapt education and training systems in response to new competence requirements.** Also one of the priorities of the ESF. **Entrepreneurship education** should be encouraged at schools and rapid technological development should be taken into account for updating skills in the knowledge economy. Improvement of management skills should also be facilitated, **particularly for small businesses**

BUSINESSEUROPE messages on Public-Private Partnership

BUSINESSEUROPE will communicate its message on PPPs in a brochure presented in the Open Days emphasising their benefits:

- Higher value for money for taxpayers through greater efficiency
- Innovative ways of delivering a whole range of services

- More sustainable and environmentally friendly services, through well-managed procurement and life-cycle analysis of costs and benefits
- Reduced waste and more joined-up delivery through better management and sharing of services
- Personalised public services that are more responsive to the individual needs and lifestyles of each citizen and community
- engaged staff who are motivated to put the citizen first
- It is through effectively managed markets of diverse providers and fair competition for contracts that public authorities can partner with the best providers available.