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The views of the Association of Finnish Local and Regional Authorities on EU future strategy

The Association of Finnish Local and Regional Authorities is of the opinion that the Commission working document provides a sound basis for the renewal of the Lisbon Strategy, which should aim to look for new initiatives to shape the future direction of the EU development. The objectives central to the future of Europe drafted in the EU 2020 working document merit support; however, they need to be made more specific both as to their content and measures for their delivery. The working document fails to recognise the key role of the regional and local level in delivering the objectives stated in the strategy. Territorial cohesion, introduced alongside the concepts of economic and social cohesion in the Lisbon Treaty, has been completely overlooked in the document.

A. General observations:

In practice, the implementation of the EU 2020 objectives takes place largely at regional and local levels. Also, for regional and local levels to become more committed to the implementation of the strategy requires more focused, concrete objectives and financial instruments for implementation.

The future EU strategy seeks ways to tackle the challenges posed by a globalising world. Collaboration between the EU and Member States in key policy areas is essential for reaching the common goal. As the strategy will be mainly implemented on a national level, it is important to together define the measures that each actor, including regional and local levels, is willing to commit to. It is of primary importance that Member States will be obliged to develop instruments that enable regional and local levels to realise the strategy objectives proceeding from their own starting points: Member States must be responsible for generating the highest benefit from the strategy priorities. The measures used in the implementation of the strategy vary given the different starting points of Member States and regions. Strategy governance must be made more efficient and it must be ensured that Member States are committed to including regional and local levels in the entire process.

The chosen strategic priorities must promote more evenly distributed growth across regions both in the EU and national contexts. The preparation of EU Cohesion Policy is to be connected to the renewal of the EU 2020 strategy.

Strategy implementation requires not only efficient and flexible administration, but also national resources and EU-wide financial instruments that support development work based on partnership between regional and local levels. Since the start of 2000, objectives of the Lisbon Strategy have been implemented at regional and local levels through EU Cohesion Policy. Also in future, Cohesion Policy should be used to ensure that the implementation of EU 2020 objectives promotes territorial cohesion and a balanced regional development. Practice-based innovation policy and decentralised energy production are good examples of choices that can be made to ensure opportunities for employment and livelihood also in regions outside large urban areas and in remote, sparsely populated areas.

A successful implementation of the strategy also requires a closer integration of different sector policies. It is important that already in the preparation phase an adequate but a simple way is found to measure whether there has been success in achieving the common objective.

An example of the importance of integrating different policies is provided by information technology and its different applications, which can serve the green economy by supporting efforts to conserve natural resources and by promoting new services and economic activities. Information and communications technology are also among the most important means of increasing the productivity of public administration. However, even good telecommunications, for instance more widespread access to broadband, are not adequate as such. Both at a national and the EU level there is a need to systematically invest extensive resources into education at different levels, research, product development and innovation.

When assessing the realisation of the strategy it is important to focus on how the activities carried out across Europe contribute to the common goal. New tools and means are needed to help assess whether the jointly set goals have been successfully achieved.

B. Priorities put forward by the Commission:

1. Creating value by basing growth on knowledge:

In the new strategy, competence should be viewed from a wider perspective that focuses particularly on further education, vocational education and training, and learning through work. In future, increasingly more efforts should be focused on multidisciplinary education that supports the creation of jobs that demand multi-sectoral competence.

In the promotion of frontier research and teaching, the focus should be on flexible guidelines that recognise the needs and circumstances of the different countries. Several studies on the generation of innovations show that 96% of new innovations are generated from practical activities (Doing, Using and Interacting) while the remaining 4% are born out of scientific work and research (Science, Technology, Innovation). From this perspective, the guidelines presented by the Commission do not meet the need. It is necessary to create systems that help identify practice-based innovations and develop and implement innovation products. This will also help deliver priorities 2 and 3 and provides an opportunity to concentrate on building up the strengths of the region and tap into any potentially under-used resources.

2. Empowering people in inclusive societies:

In inclusive labour markets, the labour force participation rate remains higher, which is particularly important with an ageing population. The entire labour reserve must be

used. More than once, the report states that a job is the best safeguard against poverty and exclusion. Work promotes participation; therefore, it is important to prevent people from becoming excluded from the labour market. The report should pay more attention to the difficult unemployment situation in Europe. Jobs are lost as a consequence of the economic downturn. Economic growth alone is not sufficient to bring the long-term unemployed back into the labour markets. Therefore, new innovations are needed as well as cooperation between educational, social and health services and the labour market. In particular, it should be ensured that young people with occupational qualifications are firmly integrated into working life. Their input will be needed after the financial crisis has subsided. The future of Europe will be built on their work.

Already before the economic slowdown, the mismatch between labour force and jobs posed a serious challenge. The problem is structural and cannot be solved solely by promoting labour mobility. A well-functioning housing market and transport connections are essential; however, the problem of mismatch cannot be successfully addressed without networking at local level, and genuine partnership and a continuing dialogue between the public, private and third sector actors. The working document has completely overlooked the projection of changes in the employment and economic structure and consequent changes in educational needs, which is central to preparing for future needs of working life.

Work brings meaning to life, feelings of social belonging, and financial security. Issues related to well-being at work have not been sufficiently considered in the working document. Special attention should be devoted to job satisfaction and work capacity so that working lives can be prolonged. In issues related to well-being at work, the benefits of cooperation with occupational health care should be better employed. Work should be made attractive and the continuous changes better managed so that people would cope longer in working life.

3. Creating a competitive, connected and greener economy:

Climate change, its various follow-on effects and the depletion of non-renewable natural resources pose the greatest future threats to communities. The limited amount of clean water and unsustainable use of several non-renewable natural resources may jeopardize our living conditions and access to clean food also in Europe. While the forthcoming EU 2020 strategy will merely extend over a period of ten years, it would be important to be prepared for the need to alter production and social structures in a longer term.

When looking for solutions to climate and energy issues, a central role is played by the numerous EU initiatives and guidelines primarily drafted to meet climate targets. The first and most important is a continuous improvement of energy efficiency and energy conservation. The second most important measure is a replacement of fossil energy sources with low-carbon and renewable energy sources such as biomass, solar and wind energy and energy contents of soil, water and air.

Transport is using increasingly more of the energy resources and, consequently, it is one of the biggest contributors to air pollution and health risks in communities. This is best addressed by a careful management of urban structure. Transport costs should reflect the damage that transport causes to people's health. In passenger and goods transport, rail and waterborne transport are markedly better options than road and air transport. On the other hand, a shift towards greener economy in, for example, food industry could reduce the need for long-distance transport.

Several traditional European industrial sectors are undergoing a structural crisis, only revealed after the start of the economic crisis. Food production and agriculture cannot be overlooked in this context. To promote a shift towards a greener economy and to provide the needed circumstances, it is not enough to look at the quantitative key figures of production; instead, it is necessary to also identify the qualitative and ethic issues of products and services (e.g. carbon footprint) and recognise their role in measuring the well-being and health of citizens and sustainable development. In this, the EU could be a proactive leader.

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Background information about Finnish local government system

The central objective of the EU is strengthening competitiveness. With regard to competitiveness, the quality and reliability of public institutions have emerged as key factors. European competitiveness surveys indicate that the Nordic countries have successfully managed to carry out structural reforms without having to give up their high-quality welfare services. In addition, OECD studies show that administrative decentralisation makes the implementation of policies more efficient. The Nordic countries feature the most decentralised administrative structures in the whole of Europe.

In Finland¹ as well as in the other Nordic countries, local and regional authorities have a key role in providing welfare services and maintaining the technical infrastructure. Nordic local authorities perform a wide range of functions and enjoy a relatively strong autonomy, safeguarded by the Constitution, including the right to levy taxes and make decisions independently. They also have a fairly comprehensive set of statutory duties and major financial responsibility for securing the welfare of citizens and the necessary technical infrastructure. In Finland, local authorities have a particularly strong role and wide range of functions. In the Nordic countries, welfare services are mainly provided through non-commercial activities of state, local and joint authorities as well as non-governmental organisations.

The Association of Finnish Local and Regional Authorities:

The Association of Finnish Local and Regional Authorities (AFLRA) consists of all the towns and municipalities in Finland. The Association also provides services to hospital districts, regional councils and joint municipal authorities. The Association provides services in Finland's two national languages – Finnish and Swedish. The Association's goal is to promote the opportunities for local authorities to operate and co-operate and to enhance their vitality and viability for the benefit of the residents. The Association's vision for the future encompasses the core values of the Finnish welfare society: good basic services, living democracy and sustainable environment.

¹ There are currently 342 municipalities in Finland. An extensive revision of local government structure and services is ongoing.