



Brussels, 17 December 2009

*By email and by post*

Gerard de Graaf  
Head of Unit - Strategic Objective Prosperity  
Directorate for Better Regulation and Coordination  
Secretariat-General  
European Commission  
B-1040 Brussels

**Re.: Public consultation on the future EU 2020 strategy**

Dear Mr. De Graaf,

In my role as Chair of the South West UK Brussels Office, I would like to take the opportunity to respond to the open public consultation on the future EU 2020 strategy. The South West UK Brussels Office represents a partnership of the South West of England Regional Development Agency, first tier local authorities, South West Councils and Universities South West. Our aim is to ensure that the South West of England has a clear voice in Europe and that its interests are heard.

On behalf of the South West partnership, I would like to congratulate the Secretariat-General on the priorities presented in the Commission Working Document on the future EU 2020 strategy. The main priorities identified in the Commission Working Document are **largely shared** by regional and local authorities. We do believe that the definition of credible exit strategies from the crisis can only be based on a clear vision of where Europe wants to go after the crisis. In this respect, we share the EU 2020 vision of a more inclusive, more sustainable, greener and stronger knowledge-based economy. This is the agenda that we, sub-national authorities, **have been pursuing** over the past few years. We have integrated the main objectives of the Lisbon and Gothenburg agendas in our development strategies. We look forward to the new momentum that EU2020 will bring to this process.

The effort that regional and local authorities have mobilised and will continue to ensure is largely due to the **alignment of the main EU investment instruments**. Cohesion policy has been instrumental in shifting the attention of sub-national levels towards key EU priorities in the areas of sustainable development, inclusion and research and innovation. A large proportion of Structural Funds are already allocated to these priorities. The leverage effect also cannot be underestimated, since the sub-national levels are responsible for the design and implementation of around 70% of public investment in Europe.

While there is therefore broad agreement on the priorities identified in the Commission Working Document on the future EU 2020 strategy, the same cannot be said for **the delivery** of those priorities on the ground. The Commission Working Document remains rather vague, but there are signals that point to the possible

*sectoralisation* of EU instruments. We do not believe that this would be wise for political and economic reasons.

**Politically**, the Lisbon and Gothenburg agendas have been heavily criticised for the lack of involvement of sub-national actors in their design and implementation. In fact, it can be reasonably argued that part of the limited effect of these agendas is due to the absence of ownership on the ground. **Vertical coordination** between the different levels of government is absolutely indispensable to ensure the success of the new EU 2020 strategy. It is only through such coordination that sub-national authorities will buy into the strategy, adapt it to their own contexts and support it throughout its implementation.

**Economically**, it is increasingly recognised that public action is more effective when it succeeds in integrating rather than separating investment decisions. **Horizontal coordination** is also more important than ever, in order to avoid conflicting results and to exploit synergies.

We therefore urge the Commission to support the EU 2020 strategy with a **credible, inclusive governance system**, which allows all stakeholders in the EU to benefit and contribute.

We very much hope that you take these points into consideration in the final drafting of the EU 2020 Strategy and we would be very happy to discuss in more detail.

Best regards,

A handwritten signature in black ink, appearing to read 'Judith Reynolds', with a stylized flourish at the end.

Judith Reynolds  
Chair  
South West Cohesion Steering Group  
South West UK Brussels Office

Dear Mr. Graaf,

Happy New Year! Following our email correspondence before Christmas, we have received some additional points on the EU 2020 Strategy from our local authority partners located in rural areas of the South West of England, including Cornwall Council, Devon County Council, Somerset County Council, Torbay Council and Wiltshire Council. Please note that some of these local authorities are sending their own responses to the consultation, however, we still saw some common points that we believe are worth raising through the South West UK Brussels Office, as outlined below as an addendum to our original response.

#### **Support for the three identified priorities**

- The integrated European approach around business support, social cohesion, the green agenda and future skills requirements seem to be a very positive approach for the EU 2020 Strategy. However, more thought will have to be given to how the goals will be promoted and achieved at local level and, in particular, in rural areas. It needs to be ensured that policy and financial interventions in the future are designed to be relevant and sensitive to the requirements of rural economies as well as city regions. For instance, it is vital that, in developing skills, the interventions meet the needs of employers and target the change to higher-value manufacturing and knowledge services.

#### **Integration with other EU policies, including Cohesion policy**

- There is currently a need in rural areas for continued financial support for general economic development. Adequate and appropriate support should be guaranteed, in order to avoid inter and intra regional economic disparities. The sectoralisation of funds, as suggested by the Commission's consultation paper, could result in funding streams becoming too complicated for rural areas to access.

#### **SMEs**

- There is currently a great deal of focus on innovative and high growth companies, thus the risk of overlooking the vital contribution of SMEs in wider economic sectors, especially in rural areas and in the tourism and social enterprise sectors. The EU needs to support these SMEs to allow them to become the high-growth companies of the future.
- Access to finance, which can closely linked to State Aids, is a real issue for business and commercial lenders are too risk averse in Europe. The EU therefore needs to work more towards breaking down the barriers to accessing finance, particularly within the context of the global economic and financial crisis where venture capital is not readily available.
- The EU needs to do more to promote the links between academic research and business and, in particular, SMEs.

#### **State Aid**

- The State Aid regulations make it increasingly difficult to fund businesses. Public authorities find the regulations over-complicated and thus become risk averse. In the context of the global economic and financial crisis, some companies are withdrawing their focus and investment in research and innovation in order to concentrate on the survival of their core business. The EU needs to carefully consider the implications of these regulations.

#### **Digital Economy**

- The role and potential of the digital economy should receive even greater emphasis due to its substantial impact on society, the economy and the environment. The EU should also focus on the take up of ICT for business, given the positive impact it can have on growth and jobs.

Once again, we hope that you find this useful and would be very happy to discuss in more detail.

Best regards,

Emily Palmer