

**CHRISTEY Brigitte (CAB-BARROSO)**

**From:** ROCHA TRINDADE Fatima (CAB-BARROSO) on behalf of BARROSO Jose Manuel (CAB-BARROSO)  
**Sent:** vendredi 15 janvier 2010 14:26  
**To:** CAB BARROSO ARCHIVES  
**Subject:** FW: Letter from Ian Pearson MP to Mr Barroso Ref UK Contribution to Consultation on EU 2020 Proposals.

**Attachments:** 13012010 EST to Barroso Ref EU 2020 .pdf; The Future of EU Competitiveness PDF.pdf



13012010 EST The Future of  
Barroso Ref EUJ Competitivene.

A enregistrer, svp.

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-----Original Message-----

**From:** Mehta, Ankita [mailto:Ankita.Mehta@hmtreasury.gsi.gov.uk] On Behalf Of EST, Action  
**Sent:** Friday, January 15, 2010 2:01 PM  
**To:** BARROSO Jose Manuel (CAB-BARROSO)  
**Cc:** EST, Action  
**Subject:** Letter from Ian Pearson MP to Mr Barroso Ref UK Contribution to Consultation on EU 2020 Proposals.

Dear Mr Barroso,

Please find attached a letter from Ian Pearson MP regarding the UK contribution to the consultation on EU 2020 proposals.

<<13012010 EST to Barroso Ref EU 2020 .pdf>> <<The Future of EU Competitiveness PDF.pdf>>

Many thanks

Ankita

Ankita Mehta | Ministerial Support Manager | Economic Secretary's Office  
HM Treasury, 2/07, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5115

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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

José Manuel Barroso  
President of the European Commission  
European Commission  
Rue de la Loi 200  
1040 BRUSSELS  
BELGIUM

13 January 2010

*Dear José Manuel,*

#### **UK CONTRIBUTION TO CONSULTATION ON EU 2020 PROPOSALS**

I wanted to write as the UK's National Lisbon Coordinator to respond to the European Commission consultation, launched on 24 November, on the future EU 2020 strategy.

The EU and its Member States are at a critical point in our history, following the first financial and economic crisis of the modern global age. Although we face significant challenges, this should also be seen as an important opportunity to reinvigorate our economies and build strong, sustainable and balanced growth in Europe.

For this reason, we welcome the launching of a public debate on the policies needed to enable the EU to make a full recovery from the economic crisis, lay the foundation for long-term growth, and speed up the transition to a low-carbon, resource-efficient economy. These policies will be critical to the prosperity and well-being of Europe's citizens and their perception of the EU and its Member-State governments. A new strategy should provide a framework for the steps needed at international, EU, national and regional levels to ensure that Europe leads the global economy of the future and raises the standard of living of its citizens.

It was with this in mind that Prime Minister Gordon Brown wrote to the Presidency ahead of the October European Council, proposing a new EU Compact for Jobs and Growth. In this letter, the Prime Minister set out six key priorities that must be addressed in this Compact:

- fiscal policy that protects the recovery and supports sustainable growth;

- creating new jobs and equipping our workforce with skills for the new economy;
- growing the innovative industries of the future;
- supporting Europe's businesses to take advantage of the Single Market;
- opening up global markets to trade and investment;
- and a robust and competitive financial services sector.

Your EU 2020 proposals provide an important starting point for the debate on how best to address these, setting out the range of issues and providing a valuable steer on the direction Europe needs to take. We welcome the focus in the consultation paper on the interdependence between Europe's economic, social and environmental objectives. Overcoming the challenges and seizing the opportunities we face together will require us to respond to global changes in climate, demography and technology and make for example much more effective use of resource-efficient and climate-resilient technologies and innovations. Progress in these areas is crucial to a fast transition to a high-growth, low-carbon economy and to reducing inequality and poverty. The whole of society can both benefit from and contribute to growth: we need to remove all barriers to that taking place.

I attach as an initial UK Government contribution to the public consultation *The Future of EU Competitiveness* paper published in June 2009. This sets out many of the EU policies that will be required, including for the shift to a low-carbon economy. The UK will also shortly publish a further contribution to this discussion, providing more detailed thinking on how Europe can respond to future economic challenges through a new EU Compact for Jobs and Growth. In the meantime, I would also like to add a few comments in response to the governance proposals set out in your working document – a critical element of the new strategy.

The UK government believes that the EU's strategy must enhance cooperation in a new era of global economic management, defined by the agreement reached at the Pittsburgh Summit of the G20. In order to identify, build support for and implement the reforms that Europe urgently requires, a new Compact for Jobs and Growth must bind the EU's institutions and Member States into a common cause of generating strong, sustainable and balanced growth.

This will mean addressing the lessons of the current Lisbon Strategy through:

Firstly, **improved coordination and coherence between policy instruments** such as the Stability and Growth Pact (SGP), peer review of structural reform, and the new European Systemic Risk Board. Different processes with different legal instruments will continue to be needed to monitor and implement macroeconomic, microeconomic and financial sector reforms. It is right that the SGP and the peer review of structural reforms use different governance structures, given their different objectives and legal bases. The application of the SGP will be more important than ever as we seek to return our economies to a path of long-term fiscal sustainability, and



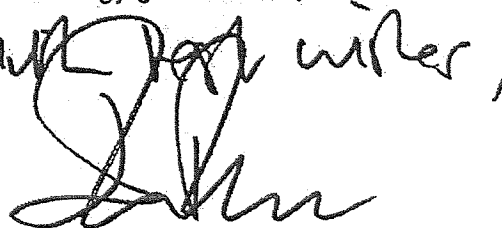
we should avoid steps that would dilute its focus and impact. But coordination and coherence should be improved, by for example ensuring that EU Heads have a substantive discussion each year of progress under the various processes.

**Secondly, improved political ownership of and accountability for the structural reforms needed.** This could be provided by simpler and more high-profile surveillance processes for microeconomic reform that combine stronger national ownership with greater accountability. Greater political profile could be generated by: the adoption of a smaller number of clear objectives; a comparison of Member States' performance and progress in agreed indicators; and greater participation in national reviews by non-governmental stakeholders and independent experts.

**Thirdly, greater recognition of the importance of the wider global context.** This will be a critical element of the new strategy, and should include promoting open markets worldwide, taking action to reduce trade barriers (in particular leading the move to a lower-carbon, more resource-efficient economy), and monitoring the impact that reforms outside Europe can have on its economies and the lessons it can learn from others. We should also compare the performance of the EU and its Member States to a variety of benchmarks across international partners.

**And fourthly, stronger links between the strategy's objectives and the delivery mechanisms available** at the regional, national, EU and international levels, in line with the EU principles of subsidiarity and proportionality and within the spirit of better regulation. This could include more sparing use of legislation and greater use of complements/alternatives to it, as well as coordination where it can help promote a common objective. The EU budget – as the working document implies – needs significant reform in order to more effectively support strong, sustainable and balanced growth and the development of an open market economy with free competition. Budget grants and lending by the European Investment Bank should be better coordinated and structured to support these goals.

We look forward to more detailed discussions with you and your officials as discussions on the EU 2020 strategy get underway.

*With best wishes,*  


IAN PEARSON MP