

A large, stylized dragon graphic in a light grey color, set against a red background. The dragon is depicted in a dynamic, leaping pose, facing left. Its body is composed of bold, curved lines, and it has a long, flowing tail. The dragon's head is detailed with a red eye and a red tongue. The overall style is modern and graphic.

Welsh Assembly Government Response
to the European Commission
Consultation on the Future
"EU2020" Strategy

January 2010



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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Foreword

The Welsh Assembly Government is the devolved Government for Wales within the United Kingdom. The Welsh Assembly Government has its own democratic mandate, policies and law making powers. It has competence for many of the functions that affect people's daily lives such as health, education, economic development, social care, agriculture and rural affairs. It is therefore responsible for developing and implementing policy.

Wales makes a significant contribution to the European Union (EU) and benefits greatly through trade and participation in EU programmes. Relations between Wales and the EU are conducted through co-operation with the UK Government and also directly with EU institutions. Welsh Assembly Government Ministers and officials participate as part of the UK delegation at relevant EU Council meetings and in other EU forums.

Introduction

In common with the Commission, we in Wales acknowledge the imperative to reshape economic policy for the years ahead. The Welsh Assembly Government recognises the need for change, driven in part by the fundamentally changed economic climate following the recession, alongside the pressing long-term challenges of climate change and sustainability.

For these reasons the Welsh Assembly Government through its Economic Renewal Programme is undertaking a critical assessment and evaluation of its current interventions in order to establish a renewed approach to economic development. It is within that context that we seek to engage in the successor to the Lisbon Strategy for Growth and Jobs.

The Welsh Assembly Government actively supports the existing Lisbon Strategy and recognises the potential of the consultation to further develop this framework during the next decade. The present economic conditions are difficult across Europe and concerted action is needed to restore confidence and competitiveness for the medium term.

During the economic downturn the Welsh Assembly Government has worked in close partnership with the Commission using Cohesion Policy instruments to mitigate the immediate effects of recession while also addressing the underlying structural economic deficits. Joint initiatives have been developed to respond pro-actively to redundancy and short time working and a joint financial instrument has been instigated to facilitate access to credit, especially for SMEs and micro-businesses.

The Welsh Assembly Government is convinced of the merits of Cohesion Policy and we note that the Lisbon Treaty firmly establishes territorial and social cohesion as fundamental objectives. We believe that Cohesion Policy

should continue as a central economic tool for the EU 2020 period and that the policy should apply on an equal basis to all Member States according to need at a regional level.

The EU 2020 consultation document seriously underplays the role of regions in driving Europe's economy, allied to Commission programmes and shared values, and we urge that the final Strategy should reflect this more clearly. This position does not detract from the central role of Member States but complements and supports it. The Welsh Assembly Government believes 'EU 2020' should be built on the strongest possible base of support including regions and, where appropriate, their governments and parliaments. A successful approach to 'EU 2020' should be based on partnership from the bottom up, with localities, regions and member states all working together for common benefit.

The Assembly Government believes that only by engaging local and regional governments from the very beginning will a successor to the Lisbon Strategy be able to embed itself as a key component in the growth of Europe's economy.

European Structural Funds as an Active Instrument for Economic Development

Wales is a strong advocate for the Lisbon Strategy and has demonstrated this through "Lisbon earmarking" in our Structural Fund programmes beyond the minimum thresholds (i.e. 79% across Convergence Welsh programmes rather than the minimum requirement of 60%). Our priorities support the main Lisbon components such as assisting individuals to enter the workplace, raising skills, promoting innovation and entrepreneurship, R & D, increasing energy efficiency and sustainability and facilitating trans-European transport networks.

A clear policy focus is required to recognise the different and specific challenges at regional level across the EU. 'EU2020' calls for "increased policy co-ordination, better synergies through effective subsidiarity, and strengthened partnership between the EU and Member States in the design and delivery of public policies". The Welsh Assembly Government supports this general approach but considers that with implementation taking place below the Member State level it is essential to engage regions and localities at the initial stages of policy formation.

Proposed priorities for "EU2020"

As an overarching framework EU 2020 should continue to support the three pillars of the current Lisbon Strategy; social, economic and environmental. Continuation of these key elements would ensure that future skills training and business growth meet the challenges of climate change and energy consumption.

1. Creating value by basing growth on knowledge

The Welsh Assembly Government welcomes the emphasis on education and skills. These promote growth and employment and are effective in fighting poverty and inequality. We believe that the EU Budget in the next financial period (post-2013) should emphasise the education and skills priority.

Education also represents an important vehicle for moving towards a greener economy. It is only by providing sustainable development education and green skills that we will be able to make the necessary transition to a low-carbon economy and society.

The future of the education and training Open Method of Coordination (OMC) is also presently being reviewed and we believe that activity in this field must be directly linked to the 'EU2020' Strategy as this would provide the process with visibility and a clear purpose. Given that education and training in many EU Member States is delivered by regional or local governments we call on the Commission to recognise their central role in delivering jobs and growth.

Skills and training directly establish the basis for wealth creation. Science, innovation and technology help create the kind of growth that can make Europe competitive in the years ahead. We strongly support specific measures that help R & D facilities to be located in poorer regions as a means of spreading growth opportunities and retaining human capital.

We further agree that the economy should be better supported by strengthened and systematic knowledge exploitation as this is a key element to wealth creation and business growth.

Action to sharpen the effectiveness of research is matched by the need for higher education to enhance its impact on economic performance. This should be achieved directly through the investment universities are able to attract and, indirectly, through the stimulus they provide for innovation, business start-up and economic development. A crucial component of this is securing a research base capable of delivering relevant research, knowledge transfer and exploitation of intellectual property.

2. Empowering people in inclusive societies

We welcome the emphasis on ensuring social cohesion and opportunities for all. In Wales it is our aim that more people benefit from higher education, life-long learning and training. The Welsh Assembly Government believes that higher level skills and work based learning, strengthened through partnership between employers and providers on a basis of opportunity for all, places economic development on a sounder footing.

3. Creating a competitive, connected and greener economy

We believe the consultation places insufficient emphasis on the importance of concerted action on Climate Change. While there is reference to achieving 'climate goals' in the section on 'Creating a competitive, connected and greener economy' there is no reference to the EU's ambitious commitments for emission reduction, renewable energy or energy efficiency.

The ambition of the consultation would benefit from more explicit reference to the combination of sustainability with growth and jobs (i.e. the Lisbon and Gothenburg agendas). "EU 2020" provides a fresh opportunity to develop a strategy built around a central position for sustainable development from the outset.

The reference to improving energy efficiency as the cheapest way to reduce carbon emissions should be strengthened - energy efficiency measures are themselves significant creators of jobs and will help support SMEs. The development of new energy infrastructure is also required but the economic, social and climate change benefits of investment should be given greater emphasis. More account should be taken of the potential impacts of climate change – such as increased flood risk – and the need to ensure that a future EU economy and society are resilient to such events.

The benefits of developing existing green jobs and stimulating new ones, and strengthening the low carbon energy sector, already feature centrally in Welsh public policy and have been underlined in *Capturing the Potential: A Green Jobs Strategy for Wales*.

It is important that EU agriculture should maintain its competitive edge in the global market place. During the next decade the agriculture sector should continue to address the "new challenges" of climate change, carbon capture, water management and bio-diversity as required under the 2008 CAP Health Check. The sector must be equipped to meet the challenges of greater competitiveness, food supply, public health and sustainability.

Making it happen

The Welsh Assembly Government expects that 'EU 2020' will lead Europe along a path towards growth and prosperity as we emerge from recession. 'EU 2020' should help Wales – and Wales should help Europe as whole - to build on its successes and to provide access to funds so that we can continue to correct the structural deficits resulting from deindustrialisation.

In Wales, the Economic Renewal Programme will deliver recommendations on the economic development policies that the Welsh Assembly Government will pursue to encourage a stronger and more sustainable economy. That approach should be assisted by EU2020, and in turn the new strategic direction we pursue in Wales should support developments at the broader European level.

Pledging a clear policy agenda for the EU in the coming decade, 'EU2020' should seek to support this through clearly focussed funding through Structural Funds programmes targeted at the spatial areas that are furthest from the EU average gross national income. This will help the EU move closer to the cohesion aims pledged in the Lisbon Treaty.

Reducing administrative burdens in the delivery of EU supported programmes should be a priority as should allowing regions to shape delivery specific to their needs.

The Welsh Assembly Government supports the approach of partnership and multi-level working. The Structural Fund Programmes in Wales are an example of effective partnership working, ensuring policy coherence and implementation across ERDF and ESF.

The delivery of 'EU 2020' will be crucial and we believe it should utilise best practice from existing structures where these have worked most effectively.

Measuring the Impact of EU 2020

The consultation contains insufficient detail on the indicators and targets to measure the overall objectives of the strategy. A major criticism of the Lisbon Strategy was its relatively low-profile: if this is to be rectified it is essential that there is greater investment of political capital at the sub-Member State level. The Welsh Assembly Government calls for greater explicit involvement of regional and local governments in the development of indicators and targets.

Conclusion

The Assembly Government has consistently supported the European Union's emphasis on sustainable growth and jobs and this approach has under-written our economic development policy. We welcome the next phase of this approach at EU level but call very firmly for greater explicit partnership with regional and local governments. Only through mobilising the efforts of the EU as a whole, not only at Member State level, can these ambitions be realised. The Welsh Assembly Government is a reliable and long-term partner for taking forward the agenda for growth, prosperity and jobs during the next decade.

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