Consultation on the 4th Report on Economic and Social Cohesion

Dear Sir/Madam,

The Austrian Federal Economic Chamber - Wirtschaftskammer Österreich - is the legal representative organization of Austrian enterprises (about 370,000 members)

1. What lessons can be drawn from the experience of preparing the 2007-2013 programmes? In this context and in the light of the analysis provided by this report, how far is cohesion policy adapted to the new challenges European regions will face in the coming years?

We welcome the strategic approach in preparing the implementation. Cohesion policy needs an even more focused approach. Despite the strategic approach the programmes often follow to many goals at once. The primary goal must be helping regions to improve their economic potential and competitiveness.

At the same time we see much room for improvement in the coordination with the planning process of EU-instruments with “related” aims, both on the EU and the national level (e.g. Rural Development Funds, Framework Programme for R&D, Competitiveness and Innovation Programme, EIB-instruments).

For example: 1.1. How can the regions react to restructuring pressures from dynamic competitors in low and medium tech sectors?

Globalization, competition and constant change are characteristics of the market economy and also affect regions. Regions (and nations) must accept this reality and should not concentrate on “defensive” measures which only can fail sooner or later. Low and medium tech sectors can also thrive and be competitive if they concentrate on niches (see for instance the Austrian steel industry).
Regional policy must consist of a broad mix of policies, in which cohesion policy can make a contribution. National and regional policy instruments are crucial because they must provide framework conditions (legislation, tax system, infrastructure, education and training systems, etc) that support competitiveness of enterprises, innovation, qualification of employees and therefore support the growth potential of a region.

Of course a thorough analysis of the potential of a region must precede policy measures.

1.2. Given wide differences in birth rates, death rates and migratory flows at regional level, what is the role of cohesion policy in responding to demographic change?

Cohesion policy cannot solve all problems. But by helping to improve a region’s economic situation (improving the GNP per head) it can help to stop migratory flows out of the region, and make it more attractive for younger people who search for employment opportunities or who want to start a business.

1.3. To what extent is climate change a challenge for cohesion policy?

Cohesion policy can make a contribution in helping to strengthen Europe’s competitiveness in “clean” technologies. The manufacturing sector will without doubt have an important significance for Europe’s economy also in the future, but the service sector (like business services, financial services, tourism, commerce) could be supported more.

Prevention of natural disasters is another topic where cohesion policy can make a contribution.

2. How can cohesion policy further develop an integrated and more flexible approach to development/growth and jobs in this new context?

2.1. How can cohesion policy better promote harmonious, balanced and sustainable development taking into account the diversity of EU territories, such as least favoured areas, islands, rural and coastal areas but also cities, declining industrial regions, other areas with particular geographic characteristics?

Cohesion policy can only make a contribution to these aims. The precondition is a sound economic policy (on both EU and especially national and regional level) with the aim of economic growth and strengthening the regions economic competitiveness. A thorough analysis of the regions potentials and its weaknesses should precede an integrated approach.

2.2. What are the impacts of the challenges identified in the report for key elements of social cohesion such as inclusion, integration and opportunity for all? Are further efforts needed to anticipate and counteract these impacts?

Inclusion, integration and opportunity for all are topics primarily to be solved by national policy instruments. If Cohesion policy concentrates on economic growth and competitiveness, there will be positive effects on these questions.

In enhancing the adaptability of employees and entrepreneurs, ESF can contribute to solving these questions.
2.3. What are the key future skills that are essential for our citizens in facing new challenges?

Key future skills for 2013 + cannot easily be predicted (and planned), but adaptability, mobility, flexibility and language skills and knowing how to work with IT and telecommunication technics, and language skills will very likely continue to be important.

2.4. What are the critical competencies that should be developed at the regional level to make regions globally competitive?

Similar to the answer in 2.3.: Adaptability, flexibility, willingness to embrace change;

Further competencies: learning from the best and observing external trends affecting the region, knowing the needs of the regional stakeholders, regular assessment of strengths, weaknesses and potentials for growth.

3. Following the appraisal of the previous questions, what is the assessment of the policy management system for the period 2007-2013?

Bureaucracy has to be reduced significantly (without weakening the aim to prevent misuse of funds)

3.1. Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community, national and regional levels within a multi-level governance system?

The principle of subsidiarity should be also applied in that context.

3.2 How can cohesion policy become more effective in supporting public policies in Member States and regions? What mechanisms of delivery could make the policy more performance-based and more user-friendly?

There should be more pressure on the regions to show results. If a region is supported by structural funds and regional GDP per head compared to the EU average shows no improvement or no effects on the region’s competitiveness can be observed, further support through cohesion policy should be reconsidered. On the other hand new incentives for regions could be considered.

It has to be examined whether the “Lissabon-earmarking”-process is effective. From an economic policy point of view the output/outcome is more important than measuring the “input”. The earmarking process seems to bring an incentive to earmark as many measures as possible as Lissabon-oriented - irrespective of the results of the intervention.

Bureaucracy has to be reduced further. The partnership principle has to be strengthened further, because involvement of social partners can ensure that the interventions meet the regions needs.
3.3. How can we further strengthen the relationship between cohesion policy and other national and Community policies to achieve more and better synergies and complementarities?

Cohesion policy should follow clear goals, like improving regional competitiveness. Full synergy can only be realized if national frameworks (like legislations) are not detrimental to these goals.

3.4. What are the new opportunities for co-operation between regions, both within and outside the EU?

Promoting cooperation between regions could be an important element of the cohesion policy (although the resources are rather limited) and cooperation often works without EU funds.

Our experience is that bureaucracy that is inherent in objective 3 programmes is a very serious obstacle in realizing the full potential of cooperation programmes. The consequence of the programme’s bureaucracy is that participation of persons or firms from the private sector (except for very specialized consultants that have some experience with these programmes) and even for regional chambers of commerce and for SME organizations is not very attractive. As a result, public authorities (like regional and urban authorities) are often beneficiaries of the funds - institutions which do not really need the EU funding for their networking efforts. If this problem cannot be solved, the resources should be saved or used for other purposes. (see also the “better regulation” initiatives on the EU level).

The further deepening of the internal market is a precondition for full cooperation between regions within the EU, whilst full trade liberalization is a precondition for full cooperation with regions outside the EU.

Yours sincerely

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