BUSINESSEUROPE

DISCUSSION NOTE

24 February 2011

MEETING BETWEEN MR JOHANNES HAHN, EUROPEAN COMMISSIONER FOR REGIONAL POLICY AND PHILIPPE DE BUCK, DIRECTOR GENERAL OF BUSINESSEUROPE

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REGIONAL POLICY

The future of cohesion policy is being decided amid wrecked public finances in most member states and difficult discussions on the EU budget. EU and national decision-makers, together with the regional authorities and social partners, now have an important task ahead. Difficult reforms of the current cohesion policy architecture should be undertaken, setting a new basis for the next multi-annual financial framework.

BUSINESSEUROPE recognises the importance of cohesion policy and its results. According to the European Commission, cohesion policy led to an increase of the GDP per capita in lagging regions from 66% of the EU-25 average in 2000 to 71% in 2006, and created approximately 1.4 million jobs. Impact results in terms of research and innovation, business development, environment and transport infrastructures corroborate the benefits brought by the EU regional policy.

Yet, cohesion policy could still do much better. A lack of strategic approach to all European policies and programmes financed by the EU budget (including the Common Agriculture Policy and the 7th Framework Programme), heavy administrative procedures, and little focus on project performance, undermine the credibility of this policy. The fragmentation of funds is conducive to a piecemeal approach without guaranteeing that funds are properly used to address national growth bottlenecks and improve the competitiveness of European regions.

While the business community remains supportive of cohesion policy, it calls for an important reform to be taken forward. Cohesion policy must be about unleashing the growth and jobs potential of each territory and facilitating mobility and adaptability to make full use of all the advantages brought up by the single market.

BUSINESSEUROPE therefore welcomes the conclusions of the 5th report on economic, social and territorial cohesion presented by the Commission in November 2010. We believe that it contains important orientation messages that, if properly implemented, have the potential to contribute significantly to meeting Europe 2020 objectives and bolstering the development of all European territories.

KEY RECOMMENDATIONS

- Concentrate resources in a few priority areas aligned with Europe 2020 and clearly helping to improve regional competitiveness. Implementation should be geared towards growth-driving and value-adding activities such as innovation, business development, employability and trans-European networks;

- Progressively move away from a one-off grant culture and enhance the leverage of structural funds by further developing financial instruments with revolving effects and building up effective public-private partnerships;

- Introduce a results-oriented approach, with independent evaluations and effective monitoring, rewarding best performing programmes;

- Enhance business participation by further simplifying procedures and reducing administrative hurdles;

- Revise the system for transition regions making it more transparent, fair, and simple. A possibility could be to create a system of decreasing assistance to all regions between 75% of EU GDP and, say, 85% ensuring that this is applied equally to all regions.

- Increase structural conditionality in the partnership contracts to strengthen institutional capacity, ensure a proper transposition of European legislation, and meet underlying conditions that ensure the success of projects;

- Launch development and investment partnership contracts between the Commission and the member states for better coordination of regional and national programmes;

- Further promote the importance of a real process of consultation of business and social partners.

The business community expects further clarification from the Commission as proposals mature and calls for being closely involved in the process.