

THE “EU 2020” STRATEGY CONSULTATION AND THE WELSH ASSEMBLY GOVERNMENT RESPONSE

Purpose

- 1.1 This report is provided in response to an invitation from the Chair of the European and External Affairs Committee to present evidence for the Committee’s inquiry into the consultation on the Future “EU 2020” Strategy and the Welsh Assembly Government response.

Introduction

- 2.1 The European Commission’s “EU 2020” Strategy consultation was launched on the 24th November 2009 and closed on the 15th January 2010.
- 2.2 The aim of “EU 2020” is to deliver greener and socially inclusive growth, which builds on the achievements of the Lisbon Strategy, while learning its lessons. The consultation paper sets out a vision for how “EU 2020” will focus on entrenching recovery from the crisis, helping to prevent a similar occurrence and outlines three thematic objectives: creating value through knowledge; empowering people in inclusive societies; and creating a competitive, connected and greener economy.
- 2.3 The short time span of this consultation coincided with the holiday period and meant the deadline was constricted which was disappointing given the significance of the Strategy. The results of the consultation are expected to be outlined by the Commission during the Spring European Council but it is likely that the substantive debate will be at the June European Council.

Background

- 3.1 The Lisbon Strategy for Growth and Jobs, adopted in March 2000, originated from concerns that the EU was suffering from poor growth rates and high unemployment. To address these issues the Lisbon Strategy sought to make the EU ‘the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010.’¹
- 3.2 The Lisbon Strategy evolved as a joint framework with common goals and guidelines to deliver sustainable growth and increased employment. Its initial aim was to promote: macroeconomic stability and enhanced competitiveness; investment in research and education; improvements in the business climate; implementation of the internal market, facilitation of the labour market and increased social cohesion.

¹European Union Parliament Website [*Lisbon European Council 23 and 24 March Presidency Conclusion*](#)

- 3.3 The Lisbon Strategy originally established two main targets: an overall employment rate of 70% (as part of the ‘social pillar’) and R&D expenditure of 3% of GDP (as part of the ‘economic pillar’). The 2001 Gothenburg European Council (latterly known as the Gothenburg Agenda) added an environmental pillar to the Lisbon Strategy on sustainable development, stating that economic growth should be decoupled from the use of natural resources.
- 3.4 A mid-term review was conducted in March 2005. This resulted in the European Council adopting a ‘revised Lisbon Strategy’ which established two three-year periods for the Strategy (2005-2007 and 2008-2010). The revision provided intermediate reassessment and simplified monitoring through the annually updated National Reform Programmes.
- 3.5 For the last 3 years of the Strategy the following priorities were endorsed: investment in knowledge and innovation; unlocking business potential, especially of SMEs; investment in people and modernisation of labour markets, and energy and climate change. The European Commission was also instructed to start reflecting on the period post 2010.

“EU 2020”

- 4.1 The “EU 2010” Strategy consultation was launched in autumn 2009, against the background of the global economic downturn, crisis in the financial markets, and alongside the debate concerning EU Budget priorities for 2014 and beyond.
- 4.2 Consequently, the Strategy’s significance has intensified and is now expected to function as a common framework for one that engenders full economic recovery, lays the foundation for long-term growth, and accelerates the transition to a low-carbon, resource-efficient economy.
- 4.3 The Commission believes that in order to achieve a more social, smarter and greener economy Europe should promote the following 3 themed priorities:
- i. Creating value by basing growth on knowledge
 - ii. Empowering people in inclusive societies
 - iii. Creating a competitive, connected and greener economy.

Welsh Assembly Government response to the “EU 2020” Strategy Consultation

- 5.1 The Assembly Government actively supported the aims of the Lisbon Strategy directly through its interaction with the EU and indirectly via consultation with the UK Government. This two-tier approach provided Wales with the freedom to negotiate policies on our own terms; directly with

the EU, whilst at the same time allowed us the opportunity to influence a Member State's response through regular discussions with the UK Government.

- 5.2 Following the launch of the consultation paper, I wrote to President Barroso (see Annex 1) to underline the importance of the Lisbon Strategy to Wales and to highlight my disappointment at the scant regard afforded to regional and sub-Member States, in particular the role they play in economic development.
- 5.3 The Assembly Government's substantive response (see Annex 2) followed an internal consultation. This response underlined our support for a joint approach that addresses the short and long-term challenges facing Europe as it emerges from recession. "EU 2020's" promotion of education and training, amongst all age groups, reflects the goals of One Wales and its subsequent policies that seek to combat poverty and social exclusion whilst simultaneously developing the skills and knowledge base needed for a greener economy.
- 5.4 In addition, our assessment states the need for regional voices to be heard during all stages of policy development, particularly as effective implementation is reliant upon effective sub-national governance.

Other Stakeholders in Wales

- 6.1 Welsh stakeholders were encouraged to submit their own responses and have done so.

UK Government

- 7.1 The UK Government response to "EU 2020" consisted of an initial letter to President Barroso in advance of the January 15 deadline which outlined the UK Government's belief that the EU's strategy should improve cooperation in this era of global economic management and implement reforms learnt from the current Lisbon Strategy. In order to achieve this it would require: improved coordination and coherence between policy instruments; improved political ownership of and accountability for the structural reforms needed; greater recognition of the importance of the wider global context; and stronger links between the strategy's objectives and the delivery mechanisms available.
- 7.2 This letter acted as a link between earlier correspondence in October 2009 to the EU Council Presidency, which proposed six key priorities:
 - 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.

7.3 These priorities have since been expanded upon in the "EU Compact for Jobs and Growth" issued on 19 January 2010. In many respects this document is in line with the Welsh Assembly Government's own thinking on economic development and our response to "EU 2020", in particular our emphasis on skills and education, innovation, green jobs, inclusion agenda, shifting towards loan-based financing and movement away from a grants-culture. Moreover, specific reference is made to gathering of views from "sub-national levels of government" as part of the on-going bench-marking process.

Spanish Presidency

8.1 Spain, who took over the EU Presidency in January 2010 have indicated that the Lisbon Strategy and its successor remains one of the fundamental pillars of EU economic policy. The Spanish Presidency wants to drive, what it terms "Europe 2020", as the successor to the Lisbon Strategy. Spain has emphasised the sustainability aspect of "EU 2020" which it believes illustrates the European economic model in the following way:

- Economic sustainability: In a context of globalisation with emerging economies, the European economy must base its comparative advantage on competitiveness, innovation and knowledge.
- Social sustainability: The new strategy must place special emphasis on employment, increasing levels of participation, training and employability. Progress must also be made on achieving full labour equality between men and women.
- Environmental sustainability: The European economy must transition towards a low-carbon economic model in order to fight against climate change and create new sources of economic growth

Next Steps

9.1 The Commission intends to present a formal proposal for the Strategy early this year, possibly following an informal European Council on 11 February, with a view to adoption at the June European Council.

9.2 As the debate continues the Welsh Assembly Government will in pursuit of our policy objectives:

- Work closely with the UK Government and seek to influence the emerging policy position.

- Monitor and consider proposals that emerge at a Wales, UK and EU level and incorporate and develop these as appropriate.
- Continue to engage with the EU institutions and our European networks and partners to contribute to the debate.

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