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"FROM RECOMMENDATIONS TO IMPLEMENTATION"  
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THE NETHERLANDS

**40 keys for a more "attractive"  
and "competitive" Europe**

**40 keys for Lisbon aims, "employment"  
and "growth" in Europe**

# BACKGROUND

Every year the LA BAULE World Investment Conference brings together some 700 international business leaders, high-level representatives of EU member states, national and regional political figures, heads of European economic development agencies, academics and journalists to meet and exchange views.



*700 world economic and political leaders  
attended LA BAULE 2004*

Their shared goal is to make a concrete contribution to the implementation of the agenda adopted by the 15 EU Member States in Lisbon in 2000 with a view to reinforcing the attractiveness and competitiveness of the enlarged Europe and its regions.

The work of the Conference is backed up by a think tank dedicated to practical issues and the formulation of effective political answers, enabling it to put clearly defined proposals to European, national and regional authorities for growth, jobs and the creation of value.

In response to the Wim Kok report on the Lisbon Agenda, this group now proposes 40 measures to relaunch the Lisbon process as a framework for concrete action.

## THE WIM KOK REPORT

### 7 main comments

- 1** The report's approach to the Lisbon process is too theoretical. While its assessment of the situation is critical, there is little indication of concrete steps to be taken within the framework of a clearly defined programme, except for the suggestion that national governments should draw up action plans for 2006.
- 2** Consideration of growth and employment, the overriding strategic priorities, is purely macro-economic. Yet they clearly call for operational objectives at the intermediate level represented by regions where policies are implemented and put to the test, as well as at the microeconomic level of individual businesses, in particular the small and medium-sized enterprises making up the basic fabric of industry and services in Europe. Regions and businesses are the core agents of the real economy.
- 3** The group responsible for the report was made up of people at a very high level, including political leaders, academic economists and union representatives, but relatively few business leaders, no business economists or financial specialists, and no representatives of regional authorities or agencies.
- 4** The report recognizes the significant and growing contribution of Foreign Direct Investments to economic development, but makes no mention of attractiveness —although this, like competitiveness, is a necessary corollary of the Lisbon Agenda. Growth and employment depend on the capacity of Europe and its regions to show lasting appeal for talent and productive capital, as well as to offer a competitively viable environment for strategic business sectors— in particular those generating high levels of value added.
- 5** While the report does touch on the idea of centres of excellence underpinning competitiveness, it does not attempt to define a framework for regional strategy allowing coordination of national policies on the basis of a global programme or agreed plan. Nor does it say anything about the ways and means to develop centres of competitive excellence through mobilization of regions and innovative businesses backed up by an overhaul of financing methods within the EU.
- 6** The report does not suggest any direction for priority industrial policies, either in terms of strategy (alliances to favour the emergence of European champions and world leaders) or in terms of sectors. This is particularly true as regards commitment of additional resources to R&D and innovation in leading-edge or high-priority sectors (energy, healthcare, semi-conductors, 3 G telephony, automobiles, aerospace, utilities, etc).
- 7** The report makes no mention of the budgetary issues relating to the overall costs of reform and the resources already committed or to be committed by all parties involved. There is no indication of a supporting financing programme. This amounts to decentralization of responsibility without definition and allocation of additional resources.



## EXECUTIVE SUMMARY

The La Baule Group's proposals are built on two overriding strategic concerns:

- Move away from an institutional approach based on strategy recommendations to an operational, project-centred approach in working to achieve the macro-economic targets set in the Lisbon Agenda. Concrete initiatives are needed to implement strategies, programmes and EU-wide projects at both micro-economic and intermediate level.
- Rally all direct stakeholders involved in promoting the attractiveness and competitiveness of Europe and, committing appropriate resources, foster joint public-private initiatives to develop centres of innovation and excellence. These will directly affect the capacity of European regions to generate high added-value employment and sustainable growth.

Our 40 proposals come under an introduction and six headings:

- Building innovation policies founded on priorities for industry, services and regional planning
- Consolidating and structuring the attractiveness of European regions
- Clearer definition and more effective support for research and innovation in regional-public-private partnerships
- A robust industrial policy to counter competition from emerging economies
- Greater fluidity in the internal market and labour markets
- Democracy — bringing Europe closer to its citizens

## 1

## INTRODUCTION

« OPERATIONAL,  
PROJECT-CENTRED  
APPROACH TO TAKE OVER FROM  
INSTITUTIONAL METHODS »

The attractiveness of Europe's regions and the competitiveness of the businesses operating in Europe should be central concerns for the spring meeting of the European Council. The Council should set priorities for macro-economic and other general policies, in particular those concerning employment and growth, which are clearly attached to a process of operational implementation involving the businesses, particularly SMEs, and regions that are the direct participants in the underlying economy.

## Our proposals:

1 Bring together all the macro-economic policies targeting employment and lasting growth in Europe under the Lisbon Agenda on the basis of the two fundamental operational objectives:

- The attractiveness of Europe and its regions
- The competitiveness of large businesses and SMEs in Europe

2 Extend the brief of the Competitiveness Council to attractiveness, calling on the support of the Commissioners responsible for Regional Policy and Cohesion, and for Transport. A concrete approach to the realities of growth and employment hinges on a common project for European regions that unites the agents of innovation in a public-private partnership.

3 Define, for the purposes of the two objectives, institutional competence in accordance with the principle of subsidiarity, with three fundamental levels:

- **Integration** of policies, goals and resources: **European Council, Commission and Parliament**
- **Individualization** of strategic goals and achievements: **Member States**
- **Implementation** of operational measures and assessment of results: **Regions in partnership with business**

4 Assess the budgetary implications of reforms and policies under the Lisbon Agenda, and define the allocation of charges and spending at different levels within the 2007-2013 financial framework. Reforms providing for budgeting by objective with cross-category allowance for the Lisbon Agenda will no doubt be necessary at community, national and regional levels. This will also permit systematic assessment of the impact of all programmes and initiatives on Lisbon objectives.

5 Provide for an annual conference bringing together parties concerned for assessments and exchange of views, favouring continued commitment.

# 2 OPERATIONAL PRIORITIES:

## « REGIONS AND BUSINESS DRIVING INNOVATION TO UNDERPIN GROWTH AND EMPLOYMENT »

### A Building innovation policies founded on priorities for industry, services and regional planning

What are the centres of competitive excellence that structure European economic development in 2005? How many innovative projects based on public-private partnership are under way? Which research centres set up by large businesses will underpin local strategies for innovation, attractiveness and competitiveness? And how can the best use be made of the achievements to date?

The European Council meeting this spring should set up a broadly-based attractiveness and competitiveness task force to answer these questions, analysing the tangible bases for integrated policies on industry, services and regional development (cohesion, infrastructure and transport). Capitalizing on progress to date, this will help generate new momentum through partnerships for innovation, growth and employment.

#### Our proposals:

**1** Set up a broadly-based attractiveness and competitiveness task force to:

- identity key sectors in industry and services
- draw up a competitiveness and attractiveness plan to favour the continued development and emergence of regional centres of competitive excellence
- provide for the legitimate and harmonious organization of regional attractiveness and competitiveness on the basis of an EU framework in the form of a public-private pact for innovation, growth and employment
- define financing options suited to operational structures
- define methods of assessments to provide weighted ranking of regional performances relative to Lisbon criteria

**2** Set up a high-level advisory panel on competitiveness and attractiveness representative of partnerships between businesses, regions, universities, research centres and other bodies, to provide the President of the European Commission and the Competitiveness and Attractiveness Council with the support of a qualified group that has the experience to set the example for regions and businesses across Europe (e.g., Airbus and the city of Toulouse; Philips and the city of Eindhoven; and Ericsson and the city of Kista).

## B Consolidating and structuring the attractiveness of European regions

The spring meeting of the European Council will be an occasion to define ways and means for attractiveness policies that provide effective incentives and structures.

### Our proposals:

#### Training, attracting and retaining talent for deployment across Europe

- 1 Define strategic fields of science for the development of centres of academic excellence across the whole of Europe, factoring in major regional projects such as Silicon Valley, financed through public-private partnerships in areas of strategic importance to competitiveness and attractiveness policies.
- 2 Offer EU scholarships to attract promising doctoral students and researchers from outside the EU in the fields identified as strategic.
- 3 Establish a common set of rules for expatriates working in all parts of the EU, making due allowance for tax positions and family ties. This should be associated with a contract defining the terms for the return of expatriates to their home country and the related commitment of resources.

#### Structuring regional policies across Europe

- 1 Set up a specific body for regional attractiveness, industrial strategy and innovation to work alongside the Commission to back up implementation of the Competitiveness/Attractiveness Council's decisions through national coordinators and at operational level by businesses and regions.
- 2 Charge this body with drawing up a general framework for regional attractiveness, industrial strategy and innovation in close cooperation with the competent sections of the Commission, regional and municipal authorities and innovative businesses.
- 3 Plan for a structural policy of innovation and poles of competitiveness (new PCRD) and ensure integration of Lisbon targets in implementation of structural funds for the period 2007-2013.
- 4 Initiate consideration of a major investment drive for infrastructure and transport facilities to end the isolation of some regions and increase their attractiveness through easier circulation of goods and people, by the same token reinforcing the competitiveness of businesses in the areas concerned.

## Testing, comparing and assessing competitiveness and attractiveness policies

- 1 Set up a body to monitor implementation of the Lisbon Agenda and draw up an annual progress report.
- 2 Select areas for pilot schemes to test experimentation policies (innovative actions and community initiatives will no longer be covered by the European Regional Development Fund from 2007 on).
- 3 Make allowance in budgetary planning at all levels (EU, national and regional) for assessment procedures to measure the impact of decisions on the strategic objectives (growth and employment) and operational objectives (attractiveness and competitiveness) of the Lisbon Agenda during the whole term of the European Commission.
- 4 Organize annual meetings of all participants at operational level to exchange good practices and favour technology transfers, where appropriate for diffusion throughout the EU.

## C Clearer definition and more effective support for research and innovation in regional-public-private partnerships

The European Council Meeting in spring will conduct a global analysis of commitments to research to better identify what the amounts Member States present as percentages of GDP actually cover, in terms of both the nature of spending and its geographical scope. Despite the targeted 3% of GDP, some regions have no access to innovation.

### Our proposals:

- 1 Reconsider the overall target of 3%, making allowance for other factors influencing the value created by a business or region — human capital, training, informal capital, etc. Analyse the relationship between research spending and regional policy.
- 2 Integrate private-sector research centres into territorial assessments of innovation and R&D spending in accordance with the principles underlying the public-private pact for innovation, growth and employment suggested above.
- 3 Finalize the legal status of European foundations for research innovation and the environment, with favourable tax treatment to facilitate fund-raising and financing for major research projects, following the example of foundations in the UK and US.
- 4 Encourage support for venture capital and the emergence of hedge funds based in the EU to fuel active financing policies to back innovative start-ups.
- 5 Support RDT technology and development programmes with a regional strategy (transfer of RIS-RITTS methods to RDT programmes).

## D A robust industrial policy to counter competition from emerging economies

### Our proposals:

- 1 Do away with bans on sector assistance in the case of businesses and start-ups in strategic sectors, applying a notification procedure that does not allow for rescue plans counter to the interest of healthy competition within the internal market.
- 2 Define an industrial policy favouring the emergence of large European businesses with leading worldwide positions in strategic sectors.
- 3 Associate development of SMEs with that of large business.
- 4 Introduce an EU patent as quickly as possible, putting efficiency ahead of cultural issues (filings in the language of the country of origin and in English).
- 5 Impose exemplary penalties for the violation of intellectual property rights within the framework of the WTO.

## E Greater fluidity in the internal market and labour markets

### Our proposals:

#### Businesses and employment

- 1 Develop a centralised Europe-wide market in business acquisitions and management succession to deal with the challenges of an ageing population.
- 2 Develop a centralised Europe-wide market for jobs and internships.
- 3 Institute a common status for salaried workers in the EU to favour mobility.
- 4 Dismantle barriers between public and private-sector employment, and for academics.
- 5 Encourage the mobility of civil servants within the government departments of Member States.

#### Financial services

- 1 Emphasize, within the framework of the Financial Services Action Plan (FSAP), the importance of a competitive European financial-services industry to the overall competitiveness and attractiveness of the EU.
- 2 Back up work on the FSAP with studies to determine the financing requirements of the EU economy and the desirable levels of savings.
- 3 Consider the impact of a network of regional financial centres on the competitiveness of EU financial services and economic growth, allowing for possible offshoring affecting some sectors of the industry.

## F Democracy — bringing Europe closer to its citizens

### Our proposals:

- 1 Give responsibility to Members of the European Parliament by making them ambassadors for the Lisbon Agenda in their regions.
- 2 Involve the European Parliament in discussions of strategic options for the implementation of the Lisbon Agenda.
- 3 Involve national parliaments in discussions of strategic options for implementing reforms, and thus accelerate progress.
- 4 Involve regions and businesses in all debates on the attractiveness and competitiveness of Europe, drawing on their knowledge and direct links to the business world to implement and assess these policies.

# 3

## CONCLUSION

### « Meeting a new challenge — sharing and raising the appeal of Europe »

Since the extraordinary meeting of the European Council held in Lisbon on 23-24 March 2000, the European Union has committed itself to working to promote a favourable legal structure, a flexible internal market, geographical expansion, a credible currency and a mobile population. This will build a benchmark economy, based on the technologies of the future and knowledge-based industries.

Over the past 60 months, the European Council, the European Parliament and the European Commission have worked tirelessly to give shape to a comprehensive, long-term strategy — a painstaking yet indispensable task.

Five years on, it is time for the European Union to enter a new and crucial phase consisting of operational implementation of reforms by stakeholders at grassroots level — the businesses and regions driving the real economy.

Decisions to be taken by the European Council meeting in spring 2005 should mark a decisive step in this direction, using its capacity to rally all stakeholders in Europe to these aims, and thus reinforce the appeal of Europe in the most effective way through lasting prosperity.



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# LISBON AGENDA

## “FROM RECOMMENDATIONS TO IMPLEMENTATION”

*40 keys for a more “attractive”  
and “competitive” Europe*

*40 keys for Lisbon aims, “employment”  
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