

Dutch response to the consultation on a post-2010 strategy for sustainable growth and jobs

Summary

The current Lisbon Strategy was instituted to address the important common challenges that Europe faces: globalisation, climate change, limited natural resources and demographic change. During the past decade these challenges have become much more pressing. Upcoming economies no longer rely solely on low-cost production but are entering innovative markets. Climate change, exhaustion of natural resources, loss of biodiversity and energy scarcity are forcing us to build a new relationship between man and nature, a transition towards an eco-efficient economy, which at the same time will provide the EU with new business and market opportunities. And the costs related to ageing populations means we have to increase labour participation and productivity to be able to maintain our welfare systems. The economic crisis has severely affected employment and government finances, and brings along important risks for potential growth. In light of these challenges and the fact that progress with the current strategy has been mixed, the Netherlands propagates a strengthened strategy; 'business as usual' is not an option.

1. The post-2010 strategy should have a strong focus on sustainable growth and jobs. The mid-term review of the Lisbon Strategy in 2005 has clearly shown that such a focus is needed to ensure effectiveness. Within this focus, those social and "green" policies that go hand in hand with growth and jobs (e.g. investing in human capital and knowledge, fostering eco-efficient innovation), should be a central and integrated part of a the new strategy, as "new drivers of growth". This approach contributes to increasing prosperity in the broad sense of the word, i.e the promotion of sustainability in the three dimensions of people, planet and profit. Coordination between the post-2010 strategy and other specific strategies should be improved to ensure a coherent approach and avoid unnecessary overlap.

The Netherlands welcomes the broad attention the consultation document pays to sustainability as a central part of a growth and jobs strategy. Eco-innovation, market incentives and financial adjustments such as a diligent use of green taxes can help increase resource productivity and provide the EU with new business and market opportunities that will boost our economies and job markets.

The consultation document broadly refers to the issues of social justice and poverty relief. The Netherlands considers these topics of great importance and believes the strategy is instrumental in achieving such goals without focusing on them directly in the new agenda. Specific strategies and programmes, such as the Open Method of Coordination Social Protection and Social Inclusion are better suited to cover these areas directly. The social dimension of the growth and jobs strategy should be aimed at increasing employment and employability, as a job is – as the consultation document correctly states – the best remedy against social exclusion.

2. The post-2010 strategy should place more emphasis on the promotion of labour productivity, where relatively less progress was made over the past years. In line with the consultation document, the Netherlands underlines the importance of knowledge and innovation in this regard, and welcomes the attention for these topics in the consultation document. The Netherlands would also like to underline the importance of unlocking the EU's business potential, to which the document pays limited attention. Improving the functioning of markets and fostering competition (especially in the services sector), stimulating entrepreneurship and lowering administrative burdens should be central elements of the strategy. In this regard, the Netherlands also welcomes the emphasis on modernised networks and infrastructure as well as the suggestion of a fresh approach to industrial

policy, putting the emphasis on sustainability, innovation and the human skills needed to keep the EU industry competitive in world markets. It is important that industrial competitiveness policy supports the process of adjustment of industries to changing conditions and restructuring that is essential to remaining globally competitive.

3. Increased attention for productivity, should go hand in hand with a strong focus on increasing employment within a flexicurity approach, where much work remains to be done. Higher employment is instrumental in achieving social inclusion, improves welfare levels and is necessary to be able to maintain our welfare systems. The Netherlands shares the Commission's view that education, skills and (re)training play a key part in this effort. In addition, The Netherlands would like to underline the importance of reform efforts to improve the functioning of the labour market such as reforms aimed at introducing more and better incentives to work into our tax and benefit systems, to which the consultation document pays only little attention. Benefit reforms do not only help to strengthen growth potential but also contribute to the sustainability of public finances (e.g. pension reforms). These are key areas of labour market reform that should be incorporated in a post-2010 strategy.

4. Macro-economic stability is a prerequisite for sustainable growth. The crisis revealed important macro-economic weaknesses in several Member States, which are not referred to in the consultation document. Addressing these imbalances should be an element of the post-2010 monitoring framework. The link between structural reforms and public finance consolidation should be acknowledged and attention should be given to the possibility of mutual reinforcement of structural reforms and a return to sustainable public finances. In the aftermath of the economic crisis and the challenges we face, we strongly agree that the macro fiscal constraint (both at Member State level and EU-level) is even more binding than before. Therefore the Stability and Growth Pact should remain the cornerstone of the EU's budgetary framework.

5. An ambitious agenda for actions at EU level should remain a key part of a post-2010 strategy. The Netherlands therefore welcomes the indication in the consultation document that the Commission plans to put forward detailed proposals for actions in this regard. A streamlined and ambitious agenda at EU level, with improved monitoring and implementation, should encompass the important challenges ahead. The priorities identified for the EU2020 strategy should be reflected in the future EU budget.

6. The EU should use its economic weight to promote an external agenda as part of a post-2010 strategy. The consultation document correctly emphasises that international trade is one of the key drivers of growth, employment and investment in the EU. The Netherlands agrees with the consultation document that the EU should act decisively in the G20, under the WTO and via bilateral cooperation to promote open, rules-based global trade. The EU's economic weight gives it the possibility to actively propagate the importance of open markets, as well as the possibility to retain and propagate its standards and values. In this way the EU can promote global prosperity and take into consideration the welfare of present and future generations.

7. The Netherlands believes that the governance of the strategy should be strengthened by increasing ownership of the strategy, building on possibilities for policy learning and strengthening monitoring of progress. As governance issues are not addressed in detail in the consultation

document, the Netherlands looks forward to concrete proposals on these important topics well in advance of the European Spring Council. The Netherlands sees room for improvement on several aspects detailed below: policy learning, headline objectives, country-specific recommendations, national reports and the partnership approach.

8. Policy learning is one of the main successes of the Lisbon Strategy. It should be a key part of a post-2010 strategy for growth and jobs, further strengthened through the increased use of an evidence-based policy approach and a further decoupling of policy learning and monitoring in order to promote and stimulate open discussion and sharing of views.

9. The Netherlands fully agrees with the proposal in the consultation document for a post-2010 strategy to encompass a limited number of headline objectives at the EU level, which will increase focus, ownership and accountability. For the same reasons, the Netherlands strongly supports the idea to translate these EU objectives into ambitious, realistic and differentiated national objectives. The headline objectives should give general policy directions towards the broader goals of the new strategy's priorities.

10. The country-specific recommendations should remain a crucial element of the new strategy. However there appears to be room for improvement. In our view all Member States (including those that are performing relatively well overall) should receive recommendations in those areas where their performance can be further improved. In addition, recommendations should be strengthened through clearer formulation and better and more transparent underpinning. In general, relative performance should be made more transparent, also by the increased use of league tables and benchmarking, which will contribute to peer pressure. Naturally, relative starting positions and structural differences between Member States should be taken into account. Comparing performance should be extended to include major economic partners such as the U.S., Japan, and other OECD countries.

11. National reports should be streamlined, focusing on progress towards the headline targets and country-specific recommendations. This will contribute to policy discussion both at the European as well as at the national level and make progress made in the key areas of the strategy transparent for citizens and stakeholders. Given the current dynamic economic environment, the Netherlands agrees with the proposal in the consultation document to plan ahead for five years, thereby abolishing the current three year cycle. Related to this, The Netherlands proposes to abolish the distinction between Reform Programmes and Progress Reports, which does not allow for the flexibility that is necessary to accommodate national political cycles.

12. Finally, the Netherlands underlines the importance of the partnership approach in reaching results under a strategy for sustainable growth and jobs and increasing its ownership. Social partners, municipalities, cities, provinces, regions and knowledge institutions contribute for a large extent to promoting labour participation, fostering innovation, tackling climate change and reducing regulatory burdens. They are able to translate European ambitions to tailor-made and integrated measures addressing local and regional tasks.

1. Introduction

The Netherlands welcomes the consultation paper, which offers a refreshing and appealing narrative, attempting to bridge the gap between the inherently technical aspects of a strategic framework and the aspirations of its citizens in these dynamic times. The Dutch response to the document, as set out below, discusses the context, contents and governance of a post-2010 European strategy for sustainable growth and jobs.

The Dutch Cabinet has closely involved relevant stakeholders in the run-up to the discussion on a successor to the Lisbon Strategy. It asked social partners – represented in the Social-Economic Council – for their advice on a post-2010 strategy, which together with constructive input from the organisations representing Dutch municipalities and provinces, has provided valuable input in determining the Cabinet's position.¹ The Cabinet's position was endorsed by Parliament during a specific debate on the Lisbon Strategy and its successor in early November 2009.

2. Context

2.1 Challenges

As vividly illustrated in the Commission's consultation document, the EU faces important structural challenges during the next decade: globalisation, climate change, limited natural resources and the costs of ageing populations. Upcoming economies no longer rely solely on low-cost production but are entering innovative markets. Climate change, exhaustion of natural resources and energy scarcity are forcing us to build a new relationship between man and nature, a transition towards an eco-efficient economy, which at the same time will provide the EU with new business and market opportunities. And the costs related to ageing populations means we have to increase labour participation and productivity to be able to maintain our welfare systems. The economic crisis has severely affected employment and government finances, and brings along important risks for potential growth.

The discussion on the contents and governance of a successor to the Lisbon Strategy cannot be seen separately from these challenges and the economic crisis and its consequences. They underline the necessity to step up efforts while maintaining focus; an ambitious and strengthened European framework to foster structural reform is all the more necessary to ensure sustainable growth and jobs. The current situation calls for an active answer, for Europe to create its own future, showing ambition and leadership - business as usual is simply no option. The future lies in a society in which everyone – both men and women, young and old – participates in a competitive, sustainable and innovative economy.

2.2 Results of the Lisbon Strategy

The Lisbon Strategy has managed to make headway in a number of areas, such as the labour participation targets, particularly those for women and elder workers. Tackling administrative burden and making the start-up of a company easier and faster are other concrete examples of areas where progress has been made as a result of the Lisbon Strategy.

¹ Social Economic Council (July 2009), "Europe 2020: the new Lisbon Strategy".

Furthermore, the Lisbon Strategy has over the past years contributed to the development of a European consensus on the challenges that we are facing and of what can be considered as good policies to face these challenges. Member States inspire each other through successful policy initiatives such as the Danish flexicurity approach, the French pôles de compétitivité and the Dutch innovation vouchers. Also, at the Community level, important successes have been achieved, such as the Services Directive to strengthen the internal market for services, and an increasing share of the Community budget for knowledge and innovation.

However, large differences in Member States' reform efforts continue to exist and in some policy areas results lag behind (mainly where insider-outsider issues exist in labour, product and services markets). In light of the challenges we are facing, and the lessons drawn from the experience of the past ten years, the Netherlands has identified several possibilities to strengthen both the contents and the governance of a renewed, ambitious and convincing European strategy for sustainable growth and jobs post-2010.

3. The contents of a post-2010 strategy

3.1 Focus on sustainable growth and jobs

The post-2010 strategy should have a strong focus on sustainable growth and jobs. The mid-term review of the Lisbon Strategy in 2005 has clearly shown that such a focus is needed to ensure effectiveness. Within this focus, those social and “green” policies that go hand in hand with growth and jobs (e.g. investing in human capital, fostering eco-efficient innovation), should be a much more central and integrated part of the new strategy, as “new drivers of growth”. Such an approach contributes to increasing prosperity in the broad sense of the word, i.e. the simultaneous and coherent promotion of sustainability in the three dimensions of people, planet and profit. Averting the consequences of our actions to future generations or other areas needs to be prevented as much as possible. For example, also in the future a reliable and sustainable supply of energy, food and natural resources is an essential prerequisite for creating prosperity, as is the preservation of biodiversity. Coordination between the post-2010 strategy and other specific strategies dealing with these issues (e.g. the Community Environment Action Programme) should be improved to ensure a coherent approach and avoid unnecessary overlap.

The consultation document refers to the issues of social justice and poverty relief. The Netherlands considers these topics of great importance and believes the strategy is instrumental in achieving such goals without focusing on them directly in the new agenda. Other, specific strategies and programmes, such as the Open Method of Coordination Social Protection and Social Inclusion, are better suited to cover these areas directly. The social dimension of the growth and jobs strategy should be aimed at increasing employment and employability, as a job is – as the consultation document correctly states – the best remedy against social exclusion.

Since the revision in 2005, the Lisbon Strategy has been focused on the promotion of sustainable growth and jobs by identifying four priority areas: investing in people and modernising labour markets; unlocking business potential; knowledge and innovation; and energy-efficiency and combating climate change. The Netherlands believes that this focus has contributed to the effectiveness of the strategy and strongly argues for maintaining it after 2010. Macro-economic stability should be added to these as an important priority that came forth from the crisis, which receives limited attention in the consultation document. Structural reforms to promote sustainable

growth and jobs are the key to a sustainable recovery from the crisis and will help us face the challenges of demographic change, globalisation and climate change.

With regard to the priorities identified in the consultation document, the Netherlands therefore warmly welcomes the emphasis that is put on important topics such as education, training, R&D and sustainability. At the same time it necessary to underline that the priorities as proposed in the consultation document do not capture the focused scope of the current priority areas, especially in the area of improving the functioning of (labour) markets and unlocking business potential. More specifically:

- The Netherlands welcomes the attention for “creating value by basing growth on knowledge” in the consultation document. A well functioning knowledge triangle of education, research and innovation is crucial if we want our societies to be better skilled and more entrepreneurial and innovative. This calls for the development of an integrated approach interlinking the three components. As the Commission rightly points out, the European Research Area is an indispensable part of the EU2020 strategy, as is the further development of the European Higher Education Area, creating world class knowledge institutes by joining forces between the Community, the Member States, businesses and the institutions themselves. Knowledge is key to make the EU globally competitive and it is essential to bridge the gap between knowledge and industry to realize new products and services. Furthermore, it is necessary that we step up efforts to create better framework conditions for scientific and educational excellence, innovation (also in the services sector) and (culture based) creativity in the coming years as drivers for the future European economy and society. In this regard actions should also be taken that reflect the importance of ICT as an enabler and driver of productivity and sustainable growth, employability and innovation capacity in Europe. A high-speed digital infrastructure, providing ubiquitous connectivity, should be seen as a key factor in this context.
- With regard to the texts on “empowering people in inclusive societies” in the consultation document, the Netherlands shares the Commission’s views that education, skills and (re)training play a key part in strengthening the labour market over the coming years and thereby fostering employment. Education and training will have to be better attuned to the future needs of the labour market. The strong attention for these topics fit well within a flexicurity approach to labour markets, which should be maintained. Higher employment is instrumental in achieving social inclusion, improves welfare levels and is necessary to be able to maintain our welfare systems. In this regard, The Netherlands would like to underline the importance of reform efforts to improve the functioning of the labour market such as reforms aimed at introducing more and better incentives to work into our tax and benefit systems, to which the consultation document pays only little attention. Benefit reforms do not only help to strengthen growth potential but also contribute to the sustainability of public finances (e.g. pension reforms). These are key areas of labour market reform that should be incorporated in a post-2010 strategy. From both a social and an economic point of view, efforts should be particularly focused at women, elder and young workers, and vulnerable groups, taking into account that increasing the labour participation of these groups (in persons and hours) might require special efforts and policies.
- The “creating a competitive, connected and greener economy” priority as proposed in the Commission’s consultation document rightfully acknowledges the importance of modernised networks and infrastructure and industrial reform. This priority appears to merge the current

priority areas under the Lisbon Strategy that deal with unlocking business potential and energy-efficiency and climate change. The Netherlands welcomes the broad attention the consultation document pays to sustainability. Given the structural nature of challenges such as climate change, exhaustion of natural resources, loss of biodiversity and energy scarcity, the Netherlands agrees with the Commission that sustainability needs to be more strongly anchored in a new strategy. Relevant elements include the promotion of eco-innovation, increased resource productivity, stimulation of green industries and the creation of new skills needed for green jobs. The consultation document refers to several concrete actions that can be taken to shift the economy towards more eco-efficiency, such as the specific example of the European electricity super grid, and measures such as targeted regulation (e.g. promoting energy-efficient products and systems), emission trading, a diligent use of green taxes, shifting from taxing labour and enterprises to taxing resources and energy, and green procurement policies. This shift can improve resource productivity and provide the EU with new business and market opportunities that will boost our economies and job markets. Many of these actions should aim at decoupling the economic growth from the environmental impact, while keeping the polluter-and-user-pays-principle in mind, thus internalising external costs.

The consultation document pays relatively little attention to business potential in a broader sense: improving the functioning of markets and fostering competition (especially in the services sector), fostering entrepreneurship and improving framework conditions while decreasing administrative burdens. In the light of the need to increase productivity The Netherlands argues that these issues should be central elements of a post-2010 strategy. It may therefore be sensible to maintain the two separate priorities as they currently exist.

3.2 Sustainable growth and jobs and macro-economic stability

The Netherlands underlines the importance of macro-economic stability in realising sustainable economic growth. Surprisingly, the consultation document does not refer to the macro-economic vulnerabilities that the crisis exposed in several Member States. The Netherlands is of the opinion that addressing macro-imbalances (bubbles in asset markets, rapidly deteriorating competitiveness and unbalanced current account developments and the existence of large debts in foreign currency) should be an important element of the post 2010 monitoring framework.

The consultation document emphasises the return to sustainable public finances as an essential element of macro-economic stability. The Netherlands underlines the importance of structural reforms that not only strengthen the EU's growth potential but at the same time contribute to the sustainability of public finances. The consultation document expands on the role of the Stability and Growth Pact (SGP). The Netherlands believes, with regard to the thematic objectives and necessary reforms addressed by a post-2010 strategy, that attention has to be paid to the process of fiscal consolidation and the important fiscal constraints in the aftermath of the economic crisis. More generally, synergies between a successor of the Lisbon Strategy and the SGP should be exploited, while preventing unnecessary overlap. The Stability and Growth Pact should remain the cornerstone of the EU's budgetary framework.

3.3 The external dimension of sustainable growth and jobs

Open markets are essential in fostering sustainable growth and jobs, both within the EU as well as on a global level. The Commission's consultation document in this regard rightfully emphasises that international trade is one of the motors of growth, employment and investment in the EU and that the EU should act decisively in the G20, under the WTO and via bilateral cooperation to promote open and rules-based global trade. The EU benefits from counteracting protectionism and should lead the way in this respect. The EU's economic weight gives it the possibility to actively propagate this importance of open markets, for example as part of negotiating the Doha-round or bilateral trade agreements. It also gives the EU the possibility to retain and propagate its standards and values, for example with regard to product safety, intellectual property, climate change, corporate social responsibility, non-trade concerns (such as those related to decent work), resource efficiency and sustainable development and fair competition.

3.4 An agenda for actions at EU level as part of the new strategy

A streamlined and focused agenda for actions at EU level should remain a key part of a post-2010 strategy. We should ensure that we do not lose sight of the structural reforms needed at EU level to stimulate sustainable growth and jobs and make Europe a competitive, knowledge based economy. The Netherlands therefore welcomes the indication in the consultation document that the Commission will put forward detailed proposals for action at EU level.

A streamlined and ambitious agenda at EU level, with improved monitoring and implementation, should encompass the important challenges ahead. Topics for this agenda include, amongst others, lowering the administrative burdens of EU regulation, the creation of an EU patent, further development of the internal market including services (also after the implementation of the services directive), implementation of the Small Business Act, reforming the EU budget with an eye to the priorities of a new strategy, the realisation of a European Knowledge Area and a European Digital Agenda. A fundamental reform and modernisation of the EU budget, further aiming it at the promotion of competitiveness and sustainable growth and jobs, should also be an important element of this ambitious agenda.

4. The governance of a post-2010 strategy

The Netherlands believes that the strategy can and should be strengthened in its governance. As stated in paragraph 2.2., there are large differences in Member States' reform efforts and in some policy areas (e.g. benefit reform) results lag behind. Strengthening the governance of the strategy – increasing its ownership, building on possibilities for policy learning and strengthening monitoring of progress – can help to increase reform efforts. As governance issues are not addressed in detail in the consultation document, the Netherlands looks forward to concrete proposals on these important topics in advance of the European Spring Council. The following paragraphs deal with several aspects of the governance where the Netherlands sees room for improvement, namely the process of policy learning and surveillance, the objectives and guidelines, the country-specific recommendations, the reporting cycle and national reporting and the partnership approach.

4.1 Policy learning and surveillance

The Netherlands considers policy learning as one of the main successes of the Lisbon Strategy, creating added value, and should as such be stepped up as an important part of its successor. Examples of policy learning include the spread throughout the EU of a general policy concept

such as flexicurity but also the adoption of best practices of specific policies such as the Dutch innovation vouchers. Also during the economic crisis, the exchange of experiences has proved very worthwhile. Still, there is ample room for improvement. The evidence base of reviews can be reinforced, making relative progress between Member States more transparent and better allowing the identification of best practices. It is important to keep in mind that learning and lecturing do not appear to match well: the very political environment in which country-specific recommendations are drafted does not lend itself well for an open and frank discussion at the same time. Amongst others, more use should therefore be made of thematic sessions. Policy learning could include examples of best practices on a national as well as a subnational (e.g. regional) and transnational level (cross-border cooperation).

Next to offering Member States the opportunity to learn from each other, their performance towards the to-be-agreed objectives should be more strictly monitored than is currently the case. In general, (relative) progress made in the key areas should be made much more transparent, also by the increased use of league tables and benchmarking (also against major economic partners such as the U.S., Japan and other OECD countries), which will contribute to constructive peer pressure. Naturally relative starting positions and institutional and structural differences should be taken into account.

4.2 Objectives and guidelines

The Netherlands warmly welcomes the proposal in the consultation document to focus on a small number of measurable headline objectives set by the European Council. To maintain a limited number and ensure overall coherence, the post-2010 strategy should put an end to the current bottom-up approach in which individual Council formations develop quantitative objectives, which has contributed to a steady increase in their number, resulting in much unclarity and lack of focus. Headline objectives, in the context of the sustainable growth and jobs strategy, should only be set by the European Council. Of course other Council formations and their advisory committees and working groups can make use of a wide span of additional objectives, benchmarks and indicators for the specific EU strategies and work programmes in their areas of competence.

The headline objectives should be both quantifiable and policy linked. They underline European commitments and can play an important part in general policy guidance, in political debates and in communication with stakeholders and the general public. In addition, a limited number of (SMART) headline objectives will make it easier to compare progress and in this way contributes to the peer pressure within the strategy.

The consultation document proposes that Member States set individual objectives for a five year period, corresponding to national situations and starting points. The Netherlands agrees with this approach. To make sure that objectives can be both ambitious and realistic for every Member State, EU-level objectives should be defined with care and be translated to ambitious, realistic and differentiated national objectives for all individual Member States. Naturally relative starting positions and institutional and structural differences should be taken into account. Such an approach will further benefit the ownership of the strategy and increase the accountability both in the European as well as in the national policy debate. The Council should ascertain that national targets add up to the EU-target.

Which headline objectives in a post-2010 strategy?

Headline objectives in the post-2010 strategy should be both theoretically sound and easy to use in communication to the general public. Objectives should be SMART and be able to fulfil an umbrella function for a priority theme, i.e. they should help clarify the overall policy objectives being pursued under a priority. In this regard they should be clearly distinguished from indicators, which can contribute to more technical discussions in thematic Council formations or their advisory bodies. Indicators are not limited in number and can be of a much more specific nature. To illustrate: labour participation is a good headline objective: it is easy to understand and communicate and covers a wide range of policy initiatives aimed at increasing employment. On the other hand childcare, number of school leavers, number of people offered a job/apprenticeship/schooling, effective retirement age, et cetera are relevant indicators. Using the current priority themes in the Lisbon Strategy as an illustration, this box provides examples of possible headline objectives.

Priority theme: investing in people and modernising labour markets

The current objectives in the area of labour participation (70% overall, 60% women, 50% elder workers) have proved their value. The need to further increase labour participation, even beyond the current objectives, is clear and should be reflected by (a) quantitative headline objective(s) in the post-2010 strategy.

Priority theme: knowledge and innovation

The current headline objective is spending 3% of GDP on R&D. While this objective leaves much to be desired (being an input indicator and thus saying nothing about the quality of the investments, and not covering important elements such as innovation in the services sector) at the moment there seems to be no such thing as another single numerical better equipped as a headline objective. Should an R&D spending objective be maintained after 2010, it should be considered to at least make a clearer distinction between public and private R&D spending (with the government obviously having much more influence on the first) or even to limit the objective to public spending. Given the limitations mentioned above, an additional broad and easy to use output objective could improve the way that progress towards an innovative economy is measured.

Priority theme: energy-efficiency and combating climate change

The current headline objectives in this area, namely the so called 20/20/20 triad (energy saving, reduction of CO₂ emissions, sustainable energy) are all set for the year 2020. They meet the criteria mentioned above and could be more explicitly incorporated in the post-2010 strategy. An efficient and sustainable use of resources will strengthen the resilience and competitiveness of the EU, particularly of industries, while at the same time combating climate change.

Priority theme: unlocking business potential

The current headline objectives in this area are administrative burden reduction and the transposition of Internal Market directives. These are a broad and easy to use objectives. It does not however incorporate important elements of unlocking business potential such as improving the functioning of markets at the national level, fostering competition and stimulating entrepreneurship. As these aspects are notoriously hard to capture by simple, quantitative objectives, they may be better covered in a more qualitative manner at headline level, e.g. through specific actions in the new EU-level agenda (such as the creation of an EU patent and actions to improve the internal market, see paragraph 3.4). They can be discussed by thematic Council formations and their advisory committees, using a wide span of indicators.

The Netherlands also sees room to streamline the so-called “integrated guidelines”. A renewed and streamlined set of integrated guidelines should state the general policy directions for the strategy and function as both a firm anchor for the targets, as well as the basis for policy ambitions that are more difficult to quantify (e.g. improving the functioning of markets and promoting innovation in the services sector).

4.3 Country-specific recommendations

The country-specific recommendations are a crucial element of the current Lisbon Strategy, both aiding Member States in setting their reform priorities as well as an important means of communication (the new recommendations each year leading to headlines in the news papers). The Netherlands sees room to improve current practice.

The issuing of country-specific recommendations is currently used to identify remaining weaknesses in Member States as well as to differentiate between Member States’ performance, with relatively well performing Member States receiving none or only one recommendation. This practice has the disadvantage that there is only limited attention for remaining policy challenges in these Member States. The Netherlands believes the new strategy should change this setup to include well defined and evidence based recommendations for *each* Member State, also for those that perform relatively well. Member States where challenges are relatively large, should receive more recommendations, which can be wider in scope. In addition, recommendations can be strengthened through clearer formulation and better and more transparent underpinning.

4.4 The cycle and national reporting

The Netherlands supports the idea set out in the Commission’s consultation document to not shape the strategy beyond its first five years. This makes particular sense given the current dynamic economic environment. At the same time, we should take into consideration the fact that the results of structural reforms often take time to become visible.

The Netherlands assumes that the proposal for a five year period, implies the ending of the current three year cycle and the confusing and impractical distinction between National Reform Programmes and Progress reports. This is warmly welcomed, as the current situation does not allow for the flexibility necessary to accommodate the national political cycle.

The current national reports (Reform Programmes and Progress Reports) largely follow the format of a technical report, whose main purpose is to help the Commission gather information on a broad array of themes rather than to stimulate discussion. The past few years have shown a trend towards a shorter, more political document. This trend should be continued, further streamlining the reports under a post-2010 strategy to focus on progress made towards country-specific recommendations and the limited number of headline objectives. Such a document would contribute to the debate on the key policy challenges both at the European as well as at the national level.

4.5 The partnership approach

The Netherlands appreciates the attention the Commission’s consultation document pays to the “interdependence between different levels of government (EU, Member States, regions, social partners - multi-layer governance)”. The Netherlands underlines the importance of the partnership approach in reaching results under a strategy for sustainable growth and jobs.

Social partners, municipalities, cities, provinces, regions and knowledge institutions contribute for a large extent to promoting labour participation, fostering innovation, tackling climate change and reducing regulatory burdens on the ground. They are e.g. able to translate European ambitions to tailor-made and integrated (cross-border) measures addressing local and regional tasks.

In The Netherlands social partners and regions and municipalities are consulted in the drawing up of the annual Progress Report. In addition, both drew up their own reports this year with regard to the implementation of the Lisbon Strategy, which were sent to the Commission along with the government's report – each, of course, under its own competencies. The Netherlands attaches much value to this partnership, also for a strategy post-2010. In this regard cohesion policy is an important instrument to stimulate partnership at the regional level with the aim of delivering results linked to the overall EU goals; a new strategy could recognise this added-value more explicitly. In addition, the partnership approach could also play a more prominent role with regard to other EU funds and instruments, such as the framework programme on research and innovation. This could strengthen coherence between different funds and instruments regardless of their origin.²

Involvement of educational and research institutions should also be strengthened. Much can be achieved by bringing closer cooperation between sectors, such as education, research and business (the knowledge triangle) or education and employment (the New Skills for Jobs initiative).

The Netherlands subscribes to the vision of the Commission that the involvement of national parliaments could be enhanced. This will require a focused approach of the strategy as well as increased transparency into progress made by Member States so as to allow for a constructive discussion.

5. Conclusion

Even though much has been achieved under the current Lisbon Strategy there are still large differences between Member States reform efforts and in some policy areas results lag behind. In light of structural challenges such as demographic change, globalisation, climate change and limited natural resources, which have become more pressing because of the crisis, efforts have to be stepped up both at a national and the EU level. Structural reforms propagated by the Lisbon Strategy are the key to a sustainable recovery. This also includes (sometimes painful) reforms such as introducing further incentives in benefit systems (e.g. pension reforms), which both strengthen economic growth potential, contribute to a return to sustainable public finances and allow us to finance our welfare systems.

The current situation and outlook calls for an active strategy, a framework that helps Europe shape its own future. A clearly focused strategy with concrete objectives and actions aimed at creating sustainable growth and jobs, that are easy to communicate to European citizens and stakeholders, will increase the visibility of the strategy and contribute to increasing prosperity in the broad sense of the word, i.e. by promoting sustainability in the three dimensions of people, planet and profit.. Those social and “green” policies that go hand in hand with growth and jobs

² As indicated in the recent Commission communication on innovation policy (COM (2009) 442).

(e.g. investing in human capital, fostering eco-efficient innovation), should be a central and integrated part of the new strategy. Furthermore, more attention should be paid to macro-economic imbalances.

Within a new strategy, we should make more and better use of the opportunity to learn from each other's policies and experiences. We should be clear about our goals (both about national actions and a European agenda) and not shy away from exerting peer pressure when we are not doing well enough or we should do even better. To achieve this, we need to choose for focus on sustainable growth and jobs and shape this focus in the form of a limited set of concrete and measurable objectives: no one-size-fits-all but made-to-measure, nationally differentiated, so that different starting points can be taken into account and these objectives can be ambitious and realistic for all Member States. In this way, we can increase accountability on progress, at the European level but also nationally. Country-specific recommendations should be formulated more clearly and be better motivated to increase their impact. Member States that do relatively well in general, should also receive recommendations in those areas where they perform relatively less well. Finally, national reports should be streamlined and focused on progress towards the country-specific recommendations and towards the agreed objectives; this too will improve the focus and effectiveness of the strategy as well as its accountability.