

# THE RENEWAL OF THE RE-LAUNCHED LISBON AGENDA FOR A MORE COMPETITIVE EUROPE WITHOUT BARRIERS

Giurgiu Adriana

University of Oradea, Faculty of Economic Sciences, Contact address: Universitatii str. 1, Room D405, post code 410087, Oradea, Bihor, Romania, E-mail: agiurgiu@uoradea.ro, Telephone: +40259-408109 or +40259-408422

**Abstract:** *The Lisbon Strategy is working; it has helped to bring about higher economic growth, more jobs and reduced unemployment. As a new member state of the European Union, Romania should respond positively to the challenges of the Lisbon Strategy, and build the prerequisites for a knowledge-based economy, in order to stimulate economic growth and employment and make Europe's economy the most competitive in the world. For this reason, in this paper we will realize a short presentation of the evolution of the Lisbon Agenda since it was envisaged by the Lisbon European Council in 2000, and until its last renewal at the Spring European Council in March 2008, focusing on the Romania's accomplishments with.*

**Key words:** *European Integration, Lisbon Agenda, priorities and challenges for Romania*

## 1. Introduction

The informal beginning of the Lisbon Strategy dates back to the '90s, when certain parallel reform processes existed in the EU. The Luxembourg process brought the first guidelines on employment. The Cardiff process launched the initiative for integrating the internal market and structural reforms, which would assist the EU in overcoming the then financial crisis. The Cologne process introduced an initiative for social dialogue. The processes were mainly ineffective, as reflected by the EU's decreasing competitive advantage in relation to the USA and the rapidly developing Asian countries. The 2000 Spring European Council in Lisbon therefore agreed that the EU needed a strategy which would help Europe "to become the most competitive and knowledge-based economy in the world"<sup>156</sup> by 2010.

The Lisbon Strategy was augmented at the 2001 Spring European Council in Stockholm and also in Barcelona in 2002. The Swedish Presidency integrated the environmental dimension into the Lisbon Strategy, while the Spanish Presidency put more stress on the social dimension and introduced a target of 3% of GDP for research and development spending.

## 2. The Reform of the Lisbon Strategy – The 1st Re-Launching

Soon after the Lisbon Strategy was adopted, critical remarks were exchanged about the Lisbon Strategy not yielding the expected results. A plethora of overly broad objectives, opposing priorities and poor coordination between the EU Member States were supposedly to blame.

With a view to eliminating these flaws, the 2004 Spring European Council conclusions mandated former Dutch Prime Minister Wim Kok to present a proposal for reforming the Lisbon Strategy. *The Kok Report* was duly presented in November 2004, and was a basis for the re-launched Lisbon Strategy adopted by the 2005 Spring European Council. The revised Lisbon Strategy focussed narrowly on economic growth and employment, while giving equal importance to all three dimensions: economic, social and environmental.

The re-launched Lisbon Strategy also addresses the issue of governance. In order to improve the governance of the Lisbon Strategy, two three-year cycles were established (2005–2008 and 2008–2011). After the first cycle, the Commission prepared a strategic report to serve as a basis for continuing with the second cycle.

The revised Lisbon Strategy is based on a set of Integrated Guidelines, combining employment guidelines with broad economic policy guidelines. After the first three-year cycle, the Integrated Guidelines were supposed to be re-examined and, if appropriate, renewed.

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<sup>156</sup> *Presidency Conclusions Lisbon European Council, 23 and 24 March 2000*

In order to improve ownership of the Lisbon Strategy, the EU Member States were also obliged to prepare *National Reform Programmes* (NRPs) setting out progress towards the Lisbon objectives, and appoint a national coordinator for monitoring the implementation of the Strategy. Annual implementation updates to the NRPs must be submitted to the Commission, with a new NRP to be presented at the start of every 3-year cycle.

Coordination of Lisbon policies is carried out under the open method of coordination, which involves voluntary coordination of Member States' policies in areas where the EU does not have exclusive competence. Emphasis is placed on the exchange of good practices and experiences between the Member States. Every year, the Commission prepares an overview of progress towards Lisbon objectives and publishes it in a report to the Spring European Council. At the same time, the Commission prepares recommendations for the EU Member States concerning implementation of their National Reform Programmes as required by the Lisbon Strategy.

### **3. First Three-Year Cycle**

#### ***3.1. First report on the implementation of the Lisbon Strategy***

In January 2006, the European Commission combined the contributions of the EU Member States and presented its first annual report on the implementation of the Lisbon Strategy. In its report, the Commission evaluated National Reform Programmes and proposed four areas for meeting the Lisbon objectives where the European Union should focus as a priority: investment in knowledge and innovation; creation of a more favourable business environment; creating more and better new jobs while maintaining social cohesion and facing the challenges of demographic change; energy and climate change.

In spring 2006, the European Council approved these four priority areas, and other objectives aimed at attaining the Lisbon goals:

- The Member States should establish a "one-stop-shop" system by the end of 2007, which would allow the establishment of a business in no more than one week;
- By the end of 2007, the Member States should provide employment, further education or a traineeship for all individuals within six months of their leaving the education system.

The first Lisbon implementation report reflected endeavours to create a more supportive business environment for enterprises, with attention being given in particular to eliminating administrative obstacles, encouraging competition in network industries (especially telecommunications), promoting public-private partnerships, and investing in infrastructure. Furthermore, measures for increasing the employment of older persons (Active Ageing Strategy) and encouraging their prolonged (and at least part-time), activity were prepared, with additional incentives for individual pension insurance at the preparation stage.

#### ***3.2. Second report on the implementation of the Lisbon Strategy***

Considering the proposals of the European Commission and the conclusions of the 2006 Spring European Council, and drawing on the contributions from the EU Member States, the European Commission adopted the second report on implementing reforms intended to fulfil the Lisbon objectives in December 2006, entitled "*A year of delivery*". On the basis of this report, the 2007 Spring European Council adopted the following orientations regarding the Lisbon Strategy:

- It approved the future strategy for innovation, as adopted by the Competitiveness Council;
- It approved the "*flexicurity*" initiative on employment;
- It reiterated the commitment to reducing administrative burdens by 25% at the EU level by 2012, while the EU Member States were bound to set comparably ambitious objectives; and
- Numerous commitments were made in the field of energy and climate change.

Among other things, the report presented also actions in the area of taxation and social affairs aimed at encouraging citizens to take jobs and incentivising businesses to increase employment and investment in research and development. Important new measures were also adopted by some of the member states in the field of research and development: actions to increase the number of researchers in the business sector, and measures for encouraging transfers from the public to the business sector were carried out on the basis of

the national research programmes. The share of financing for applied and developmental research was also increased, along with incentives for the establishment of new higher education institutions.

### ***3.3. Summarizing the 1<sup>st</sup> Cycle: Economic performance has improved since 2005***

The end of the revised strategy's first-three year cycle is an appropriate moment to draw some conclusions about how well it is succeeding. The statistic data show that the economic performances have improved considerably since the re-launch of the Lisbon Strategy in 2005. Economic growth was 3.0% in the EU27 in 2006 compared with 1.8% in 2005, and is forecast to remain at 2.9% and 2.4% in 2007 and 2008 respectively. Thirteen million jobs have been created since 2000, and more than half of that after 2005, and unemployment has fallen steeply from 8.6% to 6.9% over the 2005-2007 period. An especially welcome development is that for the first time since 1997, job creation and productivity improvements have occurred simultaneously. As a result of the improved growth performance, the gap in GDP per capita with the US has closed slightly, from 65.4% of the US-level for EU-27 and 72.1% in the euro area in 2005 to 67.1% and 73.5% respectively in 2007.

The three Baltic states, Slovakia, Slovenia and the Czech Republic have experienced an especially rapid convergence. The recovery has also spread to EU15 countries, most remarkably to Germany, which seems to have overcome its role as growth laggard in the EU. In addition to higher growth rates, the composition of growth has become more favourable to domestic drivers over time, which bodes well for increased resilience to adverse external factors. As shown in *Table 1*, the contribution to growth of fixed capital investment had been particularly weak in the first half of the decade. Since 2005, it has strengthened, returning to growth rates comparable to the ones observed in the late 1990s which raise hopes that firms' higher investment, through the diffusion of technological progress, translates into higher productivity growth.

Though private consumption contributed less to growth in 2005-2007 than in the late 1990s, an upward shift in the contribution of private consumption spending is now clearly evident from the data on consumer expenditures as well as from the recovery in consumer confidence underpinned by the declining rates of unemployment.

Moreover, productivity gains accounted for more than half of the average economic growth recorded in EU27 2005-2007, with labour inputs accounting for the remaining part. Labour inputs benefited from net migration, and to a lower extent an increasing native population, while the rise in participation rates, especially of women and older workers, was partly offset by the decline in average hours worked per person employed and the decline in youth participation. As regards labour productivity, technical progress appears to have been a stronger driving force than capital accumulation and rise of labour initial education. Compared to the 2000-2004 period a key difference is the positive contribution to growth from the reduction in unemployment rates, which should be partly attributed to the cyclical recovery. Due to sound economic fundamentals, most Member States were considered to be in a good position to withstand the strains from the financial turbulence witnessed in summer 2007.

According to the autumn 2007 forecast of the European Commission, growth in the EU-27 is predicted to be 2.9% in 2007 and 2.4% in 2008. For a few Member States (LV, LT, EE), however, accumulated macroeconomic imbalances such as high inflation, large current account deficits and excess housing price increases bear important risks in the current juncture. Also in BG and RO, external deficits are large and inflation high. In other countries such as EL, ES and PT deteriorating economic growth is likely to jeopardise the sustainability of competitiveness, foreign debt or households' indebtedness. Such countries need to closely survey financial stability and, in case of a further widening of the external deficit, vigorous structural reforms to restore cost competitiveness.

	2000-04	2005-2007	2007	2008-09
<b>GDP growth</b>	2.2	2.6	2.9	2.4
<b>Consumption growth</b>	2.2	2.0	2.2	2.2
<b>Investment growth</b>	1.6	4.8	5.6	3.4
<b>Employment growth</b>	0.9	1.4	1.6	1.0
<b>Unemployment rate (% labour force)</b>	8.8	8.1	7.1	6.7
<b>Inflation rate</b>	2.7	2.3	2.3	2.3
<b>Government balance (% of GDP)</b>	-1.8	-1.7	-1.1	-1.1
<b>Government debt (% of GDP)</b>	61.5	61.4	59.7	57.8
<b>Current Account (% of GDP)</b>	0.0	-0.6	-0.8	-0.9

*Table 1: Economic developments 2000-2009, key figures, EU27*

#### **4. Second Three-Year Cycle – Renewing the Re-launched Lisbon Strategy**

At the Spring European Council in March 2008, the Slovenian Presidency launched the second three-year cycle of the Lisbon Strategy. The European Council confirmed that the revised Lisbon Strategy from 2005 yielded positive results and called for consistent implementation of reforms within the existing four-pillar structure (investing in knowledge and innovation, unlocking business potential, particularly of SMEs, investing in people and modernising labour markets, and energy and climate change).

The European Council confirmed that the Integrated Guidelines (Broad Economic Policy Guidelines and Employment Guidelines) were to remain valid for the period 2008–2010 and invited the Council to adopt the Integrated Guidelines formally, in accordance with the Treaty. The expectations were thus met, both with regard to the Lisbon Strategy focusing on implementation within existing structures and the launch of the new cycle of the Strategy at the Spring European Council.

In the framework of the Lisbon Strategy governance, the European Council called for a reinforced exchange of good practices and for seizing opportunities offered by the existing open method of coordination, stressing in particular the importance of coordination within the *euro area*.

The European Council for the first time adopted conclusions relating to the future of the Lisbon Strategy after 2010. It also invited the Commission, the Council and the national Lisbon coordinators to start reflecting on the future of the Lisbon Strategy in the post-2010 period. It stated that after 2010, a sustained EU-level commitment to structural reforms, sustainable development and social cohesion would be necessary in order to lock in the progress achieved by the re-launched Lisbon Strategy for growth and jobs.

The conclusions also drew particular attention to the following priorities in the framework of the Lisbon Strategy:

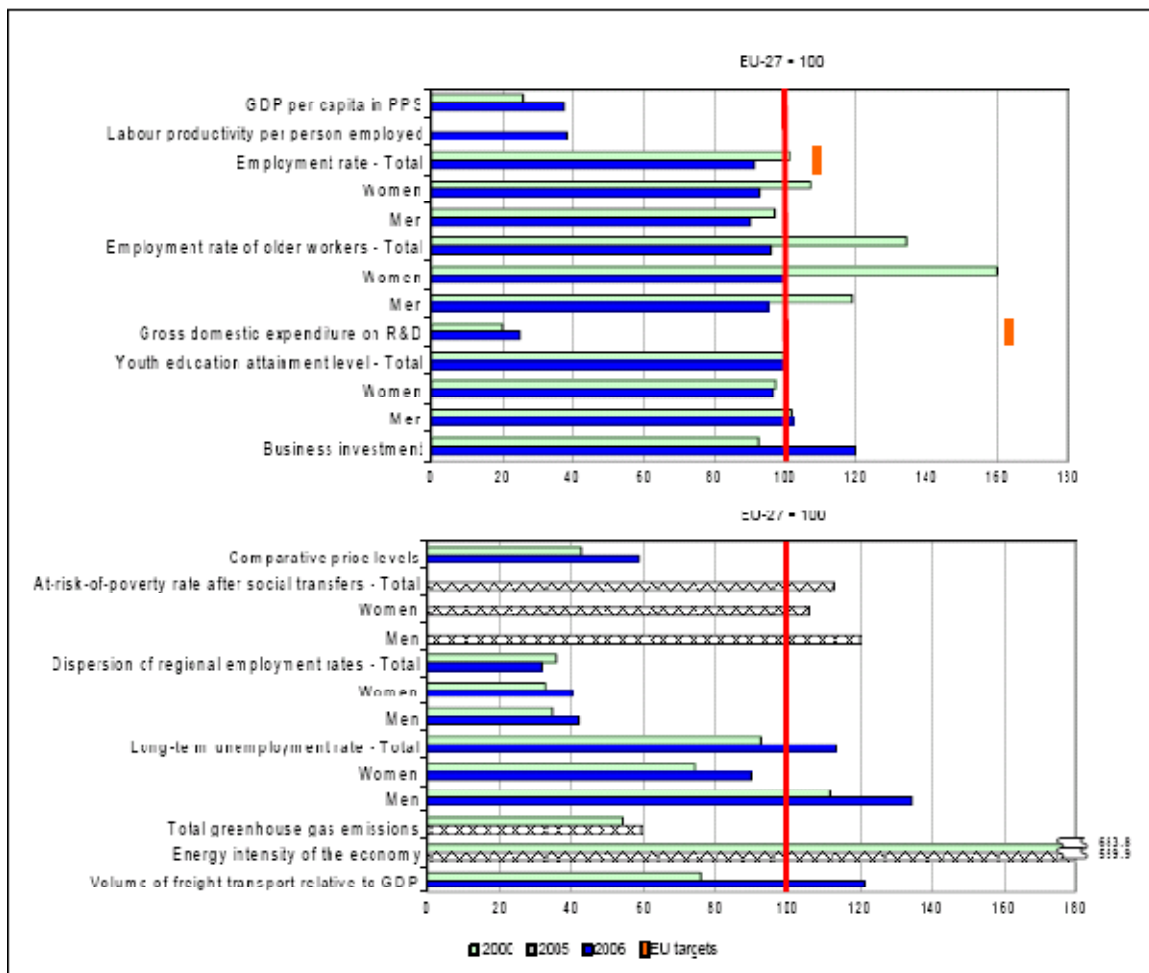
- As a key factor for future growth, the full development of the potential for innovation and creativity of European citizens was mentioned. Particular attention was paid to the introduction of the "*fifth freedom*", namely *the free movement of knowledge*, expected to complement the four existing freedoms. The fifth freedom should be based on enhancing the cross-border mobility of researchers, students, scientists and university teaching staff. In order to achieve the actual movement of knowledge, it would be essential to facilitate and promote the optimal use of intellectual property, to launch a new generation of world-class research facilities and to promote the mutual recognition of qualifications. The requirements would be resumed in the so called "*Ljubljana process*" to be approved at the May Competitiveness Council;
- On the basis of the Single Market Review, the Council pointed out several priority actions to further improve the functioning of the internal market. Effective measures concerning the remaining barriers to the four freedoms laid down in the Treaty would have to be adopted annually. The internal market should promote market opening both within the EU and on an

international level. The EU should therefore continue its endeavours to shape globalisation by reinforcing the external dimension of the revised Lisbon Strategy;

- Progress made during 2007 on better regulation was the main reason for improvements to the competitiveness of EU business, in particular SMEs. The European Council invited all Council formations to focus on better regulation in their regulatory work;
- In order to reinforce the EU's SMEs policy and to allow SMEs to operate more effectively in the Single Market, the following actions were proposed: Small Business Act; support for research-performing and innovative SMEs; further facilitation of access to finance; and facilitation of increased participation of innovative SMEs in clusters and in public procurement;
- When launching the new cycle of the renewed Lisbon Strategy, the importance of the social dimension of the EU was again stressed; the European Council reiterated the need to improve coordination of economic, employment and social policies. In this context, the education element of the knowledge triangle “research-innovation-education” was highlighted as the basis for further activities. Investing more and more effectively in education was of key importance not only for Europe’s success in a globalised world, but also one of the most effective ways to fight inequality and poverty. The European Council also stressed the importance of Member States implementing *flexicurity* arrangements at the national level.

## **5. Romania’s Contribution to the accomplishment of the re-launched Lisbon Strategy**

Romania has experienced strong economic growth averaging 6.2% annually from 2003 to 2007, and it is expected to be 5.9% in 2008. Growth has been driven largely by foreign investment and fast growing domestic demand, creating a widening current account deficit (15.4% of GDP in 2007) and rising inflation (4.84% in average in 2007, but increasing to 6.57% in December 2007, and then to 7.26% in January 2008, and to 7.97% in February 2008 respectively.). GDP per capita is low, about 38% of the EU average in 2006. Unemployment was 5.2% in 2006 and decreased to 4.1% in 2007. The employment rate (58.8%) is far below both the Lisbon target of 70% and the current EU average. Romanian youth unemployment is over 20%, amongst the EU's highest.



**Graph 1: Romania's Performance compared to EU27**

Romanian strongly performing economy is showing clear signs of overheating with a very high and growing external account deficit, growing labour shortages in spite of a significant share of untapped labour, strong wage growth and rapid increases in household borrowing; these have, in turn, fuelled inflationary pressures. The challenge for Romania is to tackle these macro-economic vulnerabilities urgently whilst speeding up structural reforms to strengthen its competitiveness and, with its low-cost advantages gradually eroding, move the economy towards more innovative and higher value activities.

In accordance with the renewed governance of the Lisbon Process, and on the basis of Romania's sectoral development strategies promoted by the *2007-2013 National Development Plan*, the *2007-2013 National Reference Strategic Framework*, the *2007-2010 Convergence Programme* and the *2007-2013 National Strategic Rural Development Plan*, Romania submitted the *National Reform Programme (NRP)* intended to meet the Lisbon objectives to the European Commission in July 2007. The *National Reform Programme* primarily stresses actions promoting sustainable development and efforts toward a more efficient and cost-effective state.

	Performance				Areas where CSR have been proposed				Policy Performance				Areas where CSRs have been proposed					
	Budget balance	Fiscal stance	Inflation rate	External balance,	2005 NRP	March 2007 Council	Dec. 2007 Comm. Prop.	Debt ratio	Sustainability gap	Sustainability risk classification	Empl. rate older worker	2005 NRP	March 2007 Council	Dec. 2007 Comm. Prop.				
	2007	2005-07	2007	2005-07	Key challenge	C S R	P T W	C S R	P T W	2007	2007	2007	2006	Key Challenge	C S R	P T W	C S R	P T W
BE	-0.3	-0.2	1.7	3.1						85	2.7	Medium	32	X		X	X	
BG	3.0	1.1	6.7	-14.3	X			X		19	n.a.	-	-	X			X	
CZ	-3.4	-1.9	3.0	-2.7	X					30	8.0	High	45	X	X		X	
DK	4.0	-1.3	1.7	2.4						25	0.3	Low	61	X				
DE	0.1	2.4	2.2	5.3		X			X	65	3.3	Medium	48	X	X		X	
EE	3.0	1.7	6.2	-11.2						3	-3.2	Low	59					
IE	0.9	0.2	2.7	-4.0			X		X	25	2.4	Medium	53			X	X	
EL	-2.9	2.4	2.8	-8.8	X	X		X	X	94	1.3	High	42	X	X		X	
ES	1.8	0.6	2.6	-7.8			X		X	36	2.8	Medium	44			X	X	
FR	-2.6	1.0	1.4	-2.0	X	X		X	X	64	3.2	Medium	38	X	X		X	
IT	-2.3	2.0	1.9	-1.5	X	X		X	X	104	3.0	Medium	33	X	X		X	
CY	-1.0	2.1	1.8	-5.9*						61	7.0	High	54	X	X		X	
LV	0.9	0.6	9.5	-17.8	X	X		X		10	1.2	Low	53					
LT	-0.9	-0.4	5.7	-9.2	X		X		X	18	2.4	Low	50					
LU	1.2	0.6	2.4	10.9*	X					7	9.3	Medium	33			X	X	
HU	-6.4	2.9	7.6	-5.2	X	X		X		66	12.3	High	34	X	X		X	
MT	-1.8	0.8	0.7	-3.4						63	-0.1	Medium	30	X		X	X	
NL	-0.4	-1.0	1.6	6.9						47	2.4	Low	48					
AT	-0.8	-0.1	1.9	3.6			X		X	60	-0.1	Low	36	X				
PL	-2.7	1.1	2.8	-2.0	X	X		X		47	-1.4	Low	28					
PT	-3.0	2.8	2.4	-8.3	X	X		X		64	8.3	High	50	X				
RO	-2.7	-1.7	4.5	-10.3	X			X		13	n.a.	-	-				X	
SI	-0.7	-0.3	3.4	-2.6						26	7.0	High	33		X		X	
SK	-2.7	-1.9	1.6	-6.7						31	4.1	Medium	33					
FI	4.6	0.7	1.3	3.4						36	-0.7	Low	55	X				
SE	3.0	0.6	1.6	6.4						41	-1.5	Low	70					
UK	-2.8	0.5	2.4	2.8	X		X		X	45	4.2	Medium	57	X		X		

**Table 2: Overview of situation in EU Member States on securing economic stability and long-term sustainability**

**Note:** CAB: cyclically-adjusted budget balance; Fiscal stance: measured as the change in the structural budget balance over 2005-2007 (a positive figure implies tightness, a negative looseness); CSR: country-specific recommendation; PTW: point to watch.

Since the Romanian National Reform Programme was submitted only at the end of July 2007, in the subsequently report, special attention was paid to reforms regarding the efficient creation, transfer and use of knowledge; actions contributing to enhanced economic competitiveness and leading to increased economic growth; and reforms focusing on modernisation of the welfare state and increased employment. The Romanian National Reform Programme (NRP) identifies 6 key challenges which need to be tackled to lay the foundations for the successful implementation of further reforms: improving the quality and management of government expenditure in the context of prudent macroeconomic policies; improving the functioning of markets; further improving the business environment; increasing employment and activity rates on the labour market; sustainable management of resources; and an overarching challenge of improving administrative capacity. As a result, the Commission fully agreed with the analysis of the main priorities submitted in the report and Romania's proposed approach to sequence its reforms.

In the light of Romania's 2007 Implementation Report and the Commission's assessment of the National Reform Programme delivered in the "Lisbon Strategy for Growth and Jobs: 2007 Strategic Report Country – Assessment of the National Reform Programmes", on 11<sup>th</sup> December 2007, and based on the Integrated Guidelines for Growth and Jobs, the following conclusions were found appropriate:

- Overall, the National Reform Programme focuses on the right challenges. However, in some critical areas, such as strengthening administrative capacity and improving the business environment, the programme lacks ambition. In other areas, information about the content of measures, their timelines and budgetary support is sometimes lacking which makes it difficult to assess whether measures will bring solutions to the problems and challenges identified.
- The programme's strengths include initiatives aimed at implementing a medium-term expenditure framework, reducing non-wage labour costs and reforming research structures.
- The policy areas in the Romanian National Reform Programme where weaknesses need to be tackled with the highest priority are: strengthening administrative capacity, addressing overheating and improving budget planning and the quality of expenditure; cutting red tape

and activating labour supply and raising skill levels. Against this background, it is recommended that Romania:

- urgently strengthen administrative capacity at both central and local levels of government by building up effective regulatory, control and enforcement capacity;
  - avoid pro-cyclical fiscal policy to contain the growing current account deficit and inflationary pressures, keep wage developments in line with productivity growth and improve budget planning and execution as well as the quality of public finances by reviewing the composition of public spending and by reducing and redirecting state aid to horizontal objectives;
  - substantially reduce administrative procedures and delays to obtain authorisations as part of a coherent better regulation policy in order to improve the business environment;
  - implement an integrated approach to increasing employment, activity rates and productivity levels, especially by accelerating reforms of the education system to respond better to labour market needs, by reducing early school leaving, by significantly increasing adult participation in education and training; and by transforming subsistence/semi-subsistence farming into sustainable employment.
- In addition it will be important for Romania over the period of the National Reform Programme to focus on: taking further measures to ensure the long-term sustainability of public finances, in particular with regard to potential risks in terms of adequacy and sustainability of pensions; reinforcing measures to tackle fragmentation of the research base whilst ensuring that planned increases in public research funding yield effective returns by vigorously implementing the national R&D and innovation strategy and by regularly monitoring its results; pursuing a more integrated approach to infrastructure development and roll-out of ICT; intensifying efforts to tackle undeclared work; improving the effectiveness and geographical scope of public employment services, particularly to assist vulnerable groups.

## Conclusion

By re-launching the Lisbon strategy in 2005, and refocusing it on growth and jobs, Europe has come a long way. The results are already visible. The economy is performing much better than it was in 2005. The growth figures are strong. Almost 6.5 million new jobs have been created in the last two years. Another 5 million are expected to be created up to 2009. Behind these figures stand millions of Europeans who have been lifted out of the misery of unemployment and whose lives have changed for the better. Of course, some of the current upturn is cyclical. But structural reforms implemented by Member States and the Union within the framework of the Lisbon strategy in the last few years have made a difference, and they are the best protection against a cyclical downturn.

The Lisbon Strategy is the EU's vehicle for accompanying change. This makes it an essential part of the Union's response to globalisation, helping Europeans to shape this new set of challenges and opportunities. Reform can be tough. It can sometimes be unpopular. But the path of reform is the only one in tune with today's needs.

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# IMPLEMENTING STRUCTURAL INSTRUMENTS IN ROMANIA: COORDINATES AND PRIORITIES

**Giurescu Daniela**

*University of Craiova, Faculty of Law and Administrative Sciences, 13 A.I. Cuza Street, 200585, Craiova, danagiurescu@yahoo.com, 0724 641634*

**Marcu Nicu**

*University of Craiova, Faculty of Economics and Business Administration, 13 A.I. Cuza Street, 200585, Craiova, marcu.nicu@yahoo.com, 0752 166361*

*The general objective of the Cohesion Policy reflects the fact that the problem of the diminution of regional disparities already represents a key issue within the framework of the Cohesion Policy. The Romanian membership to the economic community does not reduce the disparities between current development levels, on the contrary, under certain circumstances, it can aggravate the differences. The structural grant assistance offered by the European Union to Romania gives a chance in order to increase the speed of recuperating the disparities and to reduce the structural differences. This is even more valuable so as it takes over a considerable part of the economic efforts that should have been done on one's own account.*

*Cohesion Policy, structural instruments, operational programmes*

## **1. Main objectives of the European Cohesion Policy**

During the past 20 years, expenses with structural funds have constantly increased, stabilizing themselves at approximately one third of the total budget of the European Union, or approximately 0.46% of the European Union's Gross Domestic Product.

Starting with 1985, structural funds have been specifically linked to the promotion of social and economic cohesion- an objective extended to social, economic and territorial cohesion by the New Reform Treaty.

The Cohesion Policy has been gradually associated with an increasing number of large objectives of the European Union, such as economic increase, competitiveness, labor force occupation, sustainable development, subsidiarity, regionalism and good governance (including the participation of the civil society).

Structural funds – financing instruments of the Cohesion Policy - have been used to compensate member states both for the extension and for the deepening of the European integration. The European Commission aimed at exploiting the allocation of funds with a view to promote the cause of multileveled governance.

The early success of the European Commission in developing a supranational policy was opposed by member states that decided to keep the role of intermediary. The extension of the European Union in 2004 raised a series of questions linked to the future of the Cohesion Policy, the way that this has evolved since 1985, member states being divided regarding the extension, the maintenance or the renationalisation of expenses linked to structural funds.

The Cohesion Policy has always been focused on the differences between GDP on each inhabitant, favorising the macroeconomic and territorial aspects against the social aspect. The Cohesion Policy can be also criticized for its failure in reducing important disparities that can emerge inside a region, even when this region converges with the other regions inside the EU.

With a view to the implementation of the Social and Economic Cohesion Policy, the EC has created a series of financial instruments aimed at reducing the disparities between regions and at promoting an economically harmonious and balanced development of the Union's territory, and at the occupation of the workforce and protection of the environment.

A current trait in the evolution of the Cohesion Policy is the gradual "nationalization" of the structural funds' management. By this, most of the responsibilities regarding the management and implementation functions are transferred to the member state that will decide on the way to use the funds. The involvement