

DOMINIC STEAD - BAS WATERHOUT

CONCEPTS OF COMPETITIVENESS IN THE LIGHT OF THE LISBON AND GOTHENBURG STRATEGIES

Evolution of the Lisbon and Gothenburg Strategies: 2000-2004. – In March 2000, EU heads of state agreed the ambitious goal of making the EU «the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion». More specifically, it was agreed that the overall strategy to achieve this goal (the 'Lisbon Strategy') would centre on the following three strands: *a*) preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market; *b*) modernising the European social model, investing in people and combating social exclusion; *c*) sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix.

The Lisbon Strategy was designed to mark a turning point for EU enterprise and innovation policy: it saw the high-level integration of social and economic policy with practical initiatives to strengthen the EU's research capacity, promote entrepreneurship and facilitate take-up of information society technologies. The main headings of the conclusions of the summit comprised: an information society for all; establishing a European Area of Research and Innovation; creating a friendly environment for starting up and developing innovative businesses, especially SMEs; economic reforms for a complete and fully operational internal market; efficient and integrated financial markets; coordinating macro-economic policies: fiscal consolidation, quality and sustainability of public finances; education and training for living and working in the knowledge society; more and better jobs for Europe: developing an active employment policy; modernising social protection; promoting social inclusion ⁽¹⁾.

(1) The first six of these headings related to strand 1 (preparing the transition to a knowledge-based economy and society by better policies for the information society and research and development), whilst the last four headings related to strand 2 (modernising the European social model, investing in people and combating social exclusion).

In June 2001, at the meeting of the European Council in Gothenburg, the EU strategy for sustainable development was agreed and an environmental dimension was added to the Lisbon Strategy for employment, economic reform and social cohesion (the «Gothenburg Strategy»).

According to the conclusions of the meeting, the strategy for sustainable development «completes the Union's political commitment to economic and social renewal [and] adds a third, environmental dimension to the Lisbon strategy». The sustainable development strategy focuses on four key-priorities: limiting climate change and increasing the use of clean energy; addressing threats to public health; managing natural resources more responsibly; improving the transport system and land use.

Almost half-way through the implementation period, however, little progress had been made in moving towards these ambitious goals. After a global economic downturn, governments had generally become more reluctant to push through difficult and unpopular economic reforms or to focus on increasing their national budgets for research and innovation. As a result, there were claims that the EU has lost ground to its main competitors: USA and Japan.

In its traditional *Spring Report*, which served as a basis for the Spring Summit in March 2004, the Commission set out to assess the progress made towards the Lisbon goals. This report was accompanied by the *Implementation Report of the Board Economic Policy Guidelines 2003-2005*, the *Joint Employment Report*, and the *Implementation Report on the Internal Market Strategy*.

All these reports painted a disappointing picture of the EU's competitiveness. The Commission therefore urged governments to give the Lisbon strategy fresh impetus, outlining three priority areas in particular: investment in networks and knowledge: starting the priority projects approved in the «European Growth Initiative»; strengthening competitiveness in industry and services: stepping up efforts in the areas of industrial policy, the services market and environmental technologies; increasing the labour market participation of older people: encouraging older workers to continue working.

At their 2004 Spring Summit meeting in Brussels, EU leaders adopted conclusions on strategies to meet the Lisbon targets. The Council reaffirmed that the process and goals remain valid but that the pace of reform needs to be significantly stepped up. Wim Kok, the former Dutch Prime Minister, was appointed to head a high-level expert group to give new impetus to the Lisbon strategy. The group's mission was to assess the instruments and methods used to date and to involve Member States and stakeholders more closely to ensure the Lisbon objectives can be delivered. The group's report (the «Kok Report») was presented to the European Commission and the European Council in November 2004 and concluded that little progress had been made over the first five years and recommended to refocus the agenda on growth and employment, stating that the «disappointing delivery» was due to «an overloaded agenda, poor co-ordination and conflicting priorities» and identifying the main cause as the lack of political will in member states.

The Lisbon and Gothenburg Strategies revisited. – After the disappointing mid-term review of the Lisbon Strategy, the Commission has responded by trying to refocus the Lisbon Strategy on economic growth and job creation. The 2005 Lisbon Action Plan issued in February 2005 identifies 10 central policy areas: extend and deepen the Internal Market; ensure open and competitive markets; improve regulation; expand and improve infrastructure; invest in Research and Development; facilitate innovation, ICT uptake and sustainable resource use; contribute to a strong industrial base; increase employment and modernise social protection; improve the adaptability and flexibility of the labour market; invest in education and skills.

The Commission's proposals to relaunch the Lisbon agenda have raised controversy about the equality of the three pillars in the process: economic growth and competitiveness, social inclusion and environmental concerns. Critics argue that social and environmental issues have been sidelined whilst the European Commission argues that the proposal to refocus the Lisbon agenda on actions that promote jobs and growth is fully consistent with sustainable development. All actions of the strategy, the Commission argues, will reinforce the EU's potential to meet and further develop its environmental and social objectives. According to the EU: 'The renewed Lisbon strategy does not roll back the existing policies and commitments with regard to environment. The renewed focus will be pursued while respecting the existing policies and regulations concerning environmental protection. The Commission will step up its promotion of environmental technologies. It will also take necessary steps to promote the development of approaches and technologies that allow the EU to make the structural changes needed for long term sustainability, for example in the areas of sustainable resource use, climate change and energy efficiency. These are needed both for use within the EU and to meet demand in expanding markets worldwide'.

In April 2005, the Commission presented its *integrated guidelines* for growth and jobs for the period 2005-2008, which serve as the basis for the national action plans that the member states presented in the autumn of 2005. At the same time, the Commission also presented a working paper with guidance for the member states in terms of structure and content of their action plans. In July 2005, the Commission issued a programme containing actions needed at EU level, based on the EU Lisbon Action Plan issued in February 2005 (European Commission, 2005a). The Commission will assess the national action plans and adopt an Annual Progress Report early in 2006.

A review of the EU sustainable development strategy was produced at the end of 2005. The rationale for the review, according to the EU, in addition to the change in the Commission, includes a number of significant changes that have occurred since the introduction of the current sustainable development strategy presented in 2001, such as: the enlargement of the European Union to 25 Member States; terrorism and violence increases the instability of regions and life danger for citizens across the world; the EU commitment to a number of global initiatives and targets; further globalisation and changes in EU and

world economy; persistent and increasingly apparent signs of environmental problems in the EU and globally.

The recent review of the sustainable development strategy was based on the key objectives and guiding principles identified in the *Draft Declaration on Guiding Principles for Sustainable Development* published in May 2005. The key objectives comprise: environmental protection; social equity and cohesion; economic prosperity and meeting our international responsibilities. The guiding principles for policy comprise: promotion and protection of fundamental rights; intra-generational and inter-generational equity; open and democratic society; involvement of citizens; involvement of businesses and social partners; policy coherence and governance; policy integration; use best available knowledge; precautionary principle; and the polluter pays principle.

Concepts and definitions of competitiveness. – There is already a wealth of policy-related documentation at the EU level related to the Lisbon and Gothenburg Strategies. This article sets out a preliminary overview of some of the most important relevant policy-related documents including the Presidency Conclusions of the Lisbon (2000) and Gothenburg (2001) European Council Meetings, the annual European Competitiveness Report, the most recent report on Economic and Social Cohesion (2004) and the European Sustainable Development Strategy. The main focus of the review is competitiveness. This article summarises the various definitions, key concepts and indicators to be found in these documents. First, however, is a short outline concerning the significance of competitiveness for spatial development in Europe.

Competitiveness is a fundamental goal of European policy and is central to the aims of spatial development policies in Europe. According to the European Spatial Development Perspective (ESDP), the aim of spatial development policies is to work towards a balanced and sustainable development of the territory of the European Union according to three fundamental goals of European policy (Committee on Spatial Development, 1999, p. 10), namely: economic and social cohesion; conservation and management of natural resources and the cultural heritage; more balanced competitiveness of the European territory. The ESDP identifies a variety of ways in which different aspects of territorial development can influence competitiveness. Examples include transport policy, research, training and development (RTD), monetary union and telecommunications. On transport policy, for example, the ESDP states that rising traffic levels, particularly on road and air networks, are threatening the competitiveness of some central areas in the EU ⁽²⁾. Concerning RTD, the ESDP states that multi-annual Framework Programmes promote co-operation with and between companies, research centres and universities with a view to reinforcing the sci-

(2) The 2001 European Transport White Paper states that the Trans-European transport Network (TEN) is an important factor in promoting European competitiveness and improving links between the European Union's outlying regions and its central markets (CEC, 2001, p. 50).

entific and technological foundations of industry and its competitiveness on the world stage. On monetary union, the ESDP argues that this will trigger further intensification of EU domestic trade and further specialisation within the EU and will enhance the competitiveness of the EU in the world market. In terms of telecommunication policy, the ESDP states that the development of information and telecommunications networks is an important potential force for closer integration and the promotion of enhanced competitiveness for cities and regions in the EU.

Competitiveness is similarly important for the guiding principles for sustainable spatial development of the European continent agreed by the European Conference of Ministers responsible for Regional Planning, or CEMAT (CEMAT, 2002). According to the document, the development of a sustainable spatial development policy for the territory of the Council of Europe should be based on ten principles relating to more regionally balanced development. The first of these principles relates specifically to competitiveness: development should promote of territorial cohesion through a more balanced social and economic development of regions and improved competitiveness (CEMAT, 2002, p. 12).

Definitions. – According to the *Seventh Competitiveness Report* published in 2003, competitiveness can be defined in many ways (CEC, 2003a, p. 130). Thus, there is no single definition of competitiveness: a variety of different definitions exist in the policy/programming literature. Of these various definitions, the most up to date comes from the 2003 European Competitiveness Report. According to this document, competitiveness is understood to mean «*high and rising standards of living of a nation with the lowest possible level of involuntary unemployment, on a sustainable basis*» (CEC, 2003a, p. 6). The 2002 Communication from the European Commission to the European Council and European Parliament concerning productivity (*Productivity: The Key to Competitiveness of European Economies and Enterprises*) contains a similar (but not identical) definition, stating that competitiveness is understood to mean «a sustained increase in real incomes and in the standards of living of regions or nations, with jobs available for all those who wish to find employment» (CEC, 2002, p. 4). This definition was in fact based on the definition from the earlier 2001 European Competitiveness Report (European Commission, 2001). More importantly, however, it is noted in the 2002 Communication concerning productivity that this concept of competitiveness is different from the narrower concept applying to the *competitiveness of enterprises*: domestic factors are less dominant determinants of the competitiveness of enterprises (see for example Krugman, 1994 for a discussion of these concepts).

The third chapter of the 2003 Competitiveness Report focuses on the *regional aspects* of competitiveness. It defines regional competitiveness for the purposes of the Competitiveness Report in terms of productivity (regional GDP per hours worked), work-leisure balance (total hours worked per employee), the rate of employment and demographic factors (the ratio of the population of

working age). The Competitiveness Report identifies many parallels with the study of national competitiveness and certain indicators are likely to be common to both country-level and regional analyses. However, it asserts that regions are different from countries in some key respects. Sub-national regions are part of the national monetary union and subject to common rules governing their international trade, and the degree of price and wage flexibility is generally less than across nations, whereas generally there is full and unrestricted capital and labour mobility. Regions do not have the same set of adjustment mechanisms as countries, and therefore the concept of macro-economic competitiveness cannot be fully applied to the regional level; on the other hand, as part of a national fiscal system, regions enjoy substantial benefits related to fiscal transfers that constitute an important adjustment mechanism (CEC, 2003a, p. 130). As regional competitiveness shares many features with its national counterpart (competitiveness between nations), according to the report, most theoretical approaches are usually present in both areas of work. Figure 1 gives an overview of the theoretical foundations and of the array of factors that can be considered to play a role in determining regional competitiveness. The concepts from neo-classical, new growth theory and cost competitiveness apply equally well to regions as to nations. On the other hand, knowledge and innovation, and localisation/specialisation effects are critical factors in regional competitiveness. These concepts and issues are reviewed in some detail in the 2003 Competitiveness Report and summarised in box 1 below.

According to the 2003 *Competitiveness Report*, the EU is characterised by substantial regional diversity in wealth, and competitiveness conditions differ substantially across regions. Whilst a process of convergence has taken place, assisted by the contribution of the Structural Funds, this process has been slow and fostering regional cohesion remains a critical policy challenge. The report attempts to analyse regional competitiveness empirically both across regions and across time, although data constraints limit the number of available indicators and the depth of analysis. However, sufficient indicators were available to measure productivity in 15 sectors across the NUTS-2 regions between 1980 and 2000. Similarly, proxies were identified to measure the importance of knowledge in the regional economy. This analysis suggested a positive correlation of productivity with research and development intensity, specialisation in high-tech activities and the number of students in tertiary education (CEC, 2003a, p. 11).

Key themes and issues. – Regional development is strongly linked to national and regional competitiveness. According to the Third report on economic and social cohesion, regional development requires favourable national conditions such as a macro-economic environment conducive to growth, employment and stability and a tax and regulatory system which encourages business and job creation. Two complimentary sets of conditions at the regional level also need to be satisfied (European Commission, 2004). The first concerns physical and

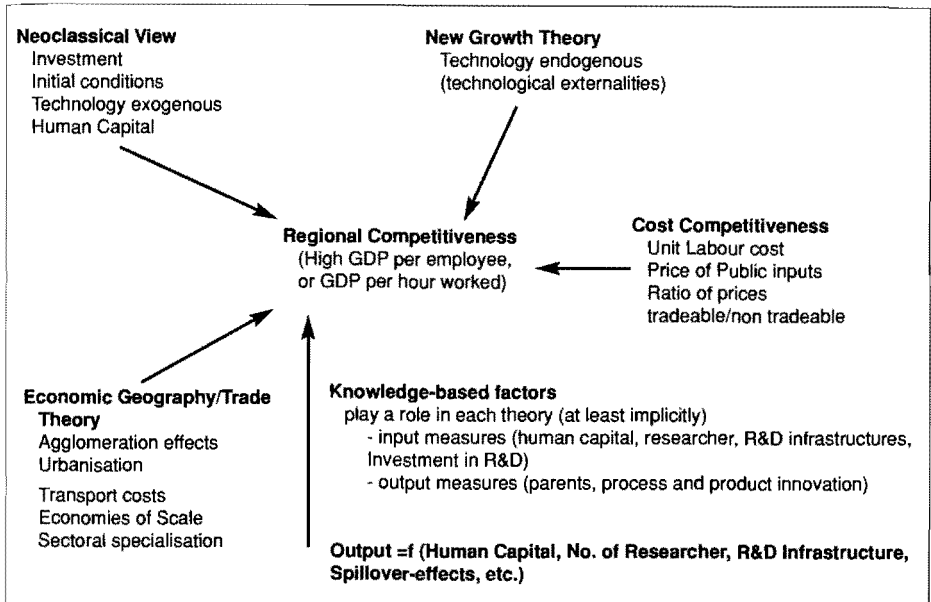


Fig. 1 – *Aspects of Regional Competitiveness*

Source: CEC (2003a), p. 131

human capital or infrastructure: material infrastructure in the form of transport, telecommunications and energy networks, and water supplies, for example, and human capital in the form of a labour force with appropriate levels of skills and training. The second set of conditions concerns *regional competitiveness* factors, which includes issues such as innovation, information and communication technologies (ICT), and environmental protection. This set of conditions largely relates to «intangible» factors that are also related to business competitiveness. They include, inter alia, the capacity of a regional economy to generate, diffuse and utilise knowledge and maintain an effective regional innovation system; a business culture that encourages entrepreneurship; and the existence of cooperation networks and clusters of particular activities. These two sets of conditions are interrelated. The precise focus and the mix of factors which are targeted will depend on the starting position, the characteristics of the region concerned, the prevailing circumstances, the development path being followed and so on. There is, therefore, neither a unique nor fixed recipe for successful regional development. Regions must find the right policy mix for their own development path according to their particular economic, social, cultural and institutional features. The importance of good governance for regional competitiveness is also recognised elsewhere in the document (European Commission, 2004, p. xiii).

Reviewing policy literature and assessment reports concerning the Lisbon Strategy helps to identify key themes associated with competitiveness. The two

Box 1 – Summary of theoretical foundations and factors that can play a role in determining regional competitiveness

A variety of general factors affecting competitiveness are suggested by the literature. Neoclassical theory points to physical and human capital as key influences, while technology remained largely exogenous, whereas new growth theory brought technology within the system, suggesting that the accumulation of knowledge could generate increasing returns. Knowledge could be measured as the skills of the workforce, such as education levels or spending on education, or through measures such as R&D expenditure. Theories more in tune with regional economics, such as new economic geography, look at the effects of localisation on productivity. A number of studies link spillover effects, in particular knowledge spillovers, with productivity gains. This links ideas from new growth theory with the concept of knowledge spillovers as important sources of externalities. Work on knowledge and innovation has suggested a variety of relevant indicators. While it is recognised that many of the indicators will be related/correlated with each other, it is necessary to respect a basic idea of causality, i.e. not to explain one output indicator with another. A variety of indicators can be linked to productivity to assess bi-variate relationships over time and across regions. Econometric approaches such as the Barro regressions... rely on explaining productivity growth by a list of factors, including the concept of catch-up suggested originally by neo-classical theory. The list of other factors has gradually been added to by more recent theoretical advances. In addition, new growth theory suggests it is important to test for, and take account of, spillover effects across regions. Clearly, there are factors suggested by theory as having an effect on competitiveness for which there is no quantifiable approximation. Much of government policy falls into this category, as do indicators measuring the extent of venture capital activity, business registration rates, and the presence of high-tech clusters. Such features can be examined to see whether they are present in the characteristics of those regions which display productivity growth in excess of what would be expected when taking account of the more measurable influences.

Source: CEC (2003a), pp. 137-138

European Council documents produced in 2003 entitled *Lisbon Strategy Conclusions (Lisbon to Thessaloniki)* by Theme and *Lisbon Strategy Conclusions (Lisbon to Brussels)* by Theme provide one source of material to identify key themes associated with competitiveness. These two reports review progress towards the goals of the Lisbon Strategy according to the various themes developed from the structure of the original Lisbon conclusions of 2000 (European Commission, 2003a and 2003b). These main themes include: establishing a European area of research and innovation; economic reforms for a complete and fully operational internal market; more and better jobs for Europe; the social policy agenda; a strategy for sustainable development; putting decisions into practice: a more coherent and systematic approach.

The key issues under each of the above themes are summarized in box 2. Another recent assessment of the Lisbon Strategy, the Centre for Economic Reform's 2004 annual review of progress towards the goals of the Lisbon Strategy, *The Lisbon Scorecard IV* (Murray, 2004), is a second useful source of

Box 2 – Key issues according to some of the main themes in the European Council's review of progress towards the goals of the Lisbon Strategy

Establishing a European area of research and innovation

the European research area
the 6th framework programme for research and development
frontier technologies and biotechnology
clean and environmental technologies
defence R&D
increasing investment in research and innovation
the Community patent/intellectual property protection
space policy

Economic reforms for a complete and fully operational internal market

completing the internal market
implementation deficit
energy networks
postal services
single European sky
Galileo
railways, ports and trans-European networks
internal market for services
competition rules and state aid
procurement
better regulation/impact assessment
consumer policy

More and better jobs for Europe: developing an active employment policy

overall objectives
employment targets - towards full employment
high level employment task force

The social policy agenda

the European social policy agenda
improving quality in work
reinforcing social cohesion: the social agenda
role of the social partners
corporate social responsibility
modernising social protection (ageing population/pensions/healthcare)
promoting social inclusion
immigration
equal opportunities

A strategy for sustainable development

a new approach to policy-making
the global dimension - Johannesburg
environmental priorities for sustainability
combating climate change/Kyoto
ensuring sustainable transport
addressing threats to public health
managing natural resources more responsibly
maritime safety

Putting decisions into practice: a more coherent and systematic approach

improving the existing processes and role of the spring European council
structural indicators
implementing a new open method of coordination
broad economic policy guidelines
employment guidelines
structural changes – the Cardiff economic process

Source: Adapted from European Commission (2003b)

*Box 3 – Indicators for the Lisbon and Gothenburg Strategies from the 2004 Report from the Commission to the Spring European Council**Employment*

Employment and productivity development in the EU

Total employment rate

Employment rate – females

Employment rate – males

Total employment rate of older workers

Employment rate of older workers – females

Employment rate of older workers – males

Innovation and Research

GERD (Gross domestic expenditure on R&D)

Evolution of R&D spending

Youth educational attainment level – total

Youth educational attainment level – females

Youth educational attainment level – males

Evolution of youth educational attainment level

Economic Reform

Comparative price levels

Business investment

Evolution of business investment

Social Cohesion

At-risk-of-poverty rate after social transfers – total

At-risk-of-poverty rate after social transfers – females

At-risk-of-poverty rate after social transfers – males

Evolution of the at risk of poverty rate

Dispersion of regional employment rates – total

Dispersion of regional employment rates – females

Dispersion of regional employment rates – males

Total long-term unemployment rate

Long-term unemployment rate – females

Long-term unemployment rate – males

Environment

Total greenhouse gas emissions

Energy intensity of the economy

Transport – Volume of freight transport relative to GDP

Relative performance of the 15 Member States according to the Structural Indicators on the shortlist

Relative improvement of the performance of the 15 Member States according to the Structural Indicators on the shortlist

material to help identify key themes associated with competitiveness. This report is also based around similar main headings as the two European Council documents produced in 2003 (see above), with the exception of the theme of policy implementation or governance, to which the Centre for Economic Reform's report pays less attention ⁽³⁾. The five main headings of the Centre for Economic Reform's report are: innovation; liberalization; enterprise; employment and social exclusion; sustainable development.

The main indicators for monitoring the Lisbon and Gothenburg Strategies presented in the 2004 report from the Commission to the Spring European Council (CEC, 2004), are also grouped according to five similar themes, namely: employment; innovation and research; economic reform; social cohesion; environment.

Examples of indicators. – The subject of indicators concerning the Lisbon and Gothenburg Strategies, and competitiveness in particular, has been discussed intensely since the agreement of the Lisbon and Gothenburg Strategies in 2000 and 2001. At the European Council meeting in Lisbon in March 2000, the European Council invited the Commission to draw up «an annual synthesis report on progress on the basis of structural indicators to be agreed relating to employment, innovation, economic reform and social cohesion» (Council of the European Union, 2000: para. 36).

In the statistical annex to the *2004 Report* from the Commission to the Spring European Council (CEC, 2004), indicators for monitoring the Lisbon Strategy are presented according to five main themes and summarised in box 3 below ⁽⁴⁾. The «Enterprise Policy Scoreboard», a monitoring instrument within the framework of the open method of co-ordination adopted at the Lisbon European Council in 2000 (CEC, 2003b). The Scoreboard provides information about the performance of countries in specific areas and the data allow comparisons across countries and relative to the EU average. Through its annual publications, the Scoreboard facilitates assessment of progress towards the Lisbon Strategy's goal of improving Europe's competitiveness by 2010. Values of indicators are normalised by calculating indexes, whereby the EU-15 index is 100. Indicators are grouped according to 8 main themes (see box 4 for the list of indicators): *a*) Access to finance; *b*) the regulatory and administrative environment; *c*) open and well-functioning market; *d*) entrepreneurship; *e*) human resources; *f*) innovation and knowledge diffusion; *g*) information and communication technologies (ICT); *h*) sustainable development.

The 2003 *Competitiveness Report* uses a variety of regional indicators of competitiveness to produce a number of tables and a series of cross-plots with productivity to examine the evidence for some of the relationships suggested

(3) «Putting decisions into practice» is the heading used in the two European Council documents to refer to the theme of policy implementation or governance.

(4) An additional general economic theme, encompassing two other indicators (GDP per capita in PPS and labour productivity per person employed), is also contained in the statistical annex.

Box 4 – *Indicators of the Enterprise Policy Scoreboard**Access to Finance*

market capitalisation in percent of GDP
 newly listed companies in percent of already listed companies
 venture capital (early and later stage) as percent of GDP
 number of business angel networks

The regulatory and administrative environment

percentage of SMEs identifying administrative burden as a major business constraint
 impact assessment
 on-line presence of government services

Open and Well-functioning Markets

trade integration
 state aid, in percent of GDP
 Entrepreneurship
 gross-birth rates of enterprises
 net-change of enterprise population, (birth-rate minus death-rate)
 volatility of enterprise population, (birth-rate plus death rate),
 female self-employment in industry and services, in percent of total self-employment

Human resources

tertiary graduates (ISCED 5 and 6) per 1000 population aged 20 to 29
 graduates in science and technology per 1000 population aged 20 to 29
 population (aged 25-64 years) participating in education and training

Innovation and knowledge diffusion

R&D expenditure as a percentage of GDP
 number of patents / high tech patents per million inhabitants
 co-operation for innovation

ICT

ICT expenditure as percent of GDP
 business use of internet
 internet users per 10 000 inhabitants
 commercial use of the internet
 broadband penetration rate
 telephone charges

Sustainable development

development of eco-efficiency for energy consumption (million Å per ktoe), absolute and change in percent
 development of eco-efficiency for greenhouse gases (million Å per ktonne CO2 equivalent), absolute and change in percent
 development of eco-efficiency for acidifying gases (million Å per ktonne acid equivalent), absolute and change in percent
 development of eco-efficiency for ozone precursors (million Å per ktonne ozone forming potential), absolute and change in percent
 number of ISO 14001 and EMAS certifications per 1000 enterprises

Source: CEC (2003b)

by economic theory (CEC, 2003a). These indicators comprise: productivity growth (%pa); R&D intensity; high-tech location quotient; students per capita in tertiary education; productivity spillover effect.

According to the analysis of the pattern of regional competitiveness by means of indicators, the 2003 *Competitiveness Report* concludes that productivity differences across the regions of the EU are diminishing over time (CEC, 2003a, p. 164). The *Report* states that the disparities remain substantial, however, and the pace of convergence remains very slow. This justifies an active policy stance, according to the report. The *Report* concludes that the fastest-growing regions have firms that have most successfully integrated into the international competitive system. This is thought to allow them to harness the human knowledge resources of their regions and raise their competitive edge. The role of public policy is thought to have been subtle but critical in the success of these regions, providing a policy infrastructure that supports business innovation. Policies that remove barriers to trade and open up regions to competition across the single EU market are considered crucial. According to the *Report's* conclusions, problems of peripheral regions need to be specifically addressed through improved transport and communications, especially telecommunications. It asserts that case studies confirm these as important influences in those regions that have generated a better productivity performance. It reports that evidence for the importance of human knowledge in boosting regional competitiveness is varied, often difficult to tie down but ultimately compelling in its message. The fastest growing regions appear to be those with firms that are better at harnessing human knowledge, both in the cross-regional statistical analysis and in the case study analysis. The *Report* states that the success of clustering in the high technology areas, especially in the case of biotechnology, is strongly linked to human knowledge factors. Clusters may not only confer advantages through common access to knowledge resources, such as the science and research base of higher education, or indeed capital resources, but also may facilitate inter-firm communication and entrepreneurial activity in those sectors that generate the highest value-added outcomes. The message for policy, according to the *Report*, is that the agglomeration forces generating such human resourcefulness should be actively supported and the processes that build such human capital should be encouraged. The implications to be drawn are that active public support for improved competitiveness will come from concerted programmes operating at different levels, such as those co-financed by structural and cohesion funds, pan-European through to regional, and covering associated physical and non-physical infrastructure requirements. This will support better transport and communications infrastructure and better support the regional entrepreneurial culture that allows businesses to build close links with well-funded and well-organised networks of, especially science-based, higher education institutions. Policy support at regional level appears critical in the better-performing regions and this corresponds to regional stakeholders subscribing to a common vision, facilitated by public-private partnerships to take this vision forward.

Conclusions – implications for territorial cohesion. Despite new rules and re-focused overarching policy objectives (i.e. harmonization of strategies with the Lisbon goals), it is likely that current structural funds programs will significantly influence their successors. This will particularly be the case in the new Member States where the 2004-2006 period has been viewed as a preparatory, learning phase for the «real» challenge of the 2007-2013 period. The political and policy rhetoric of territorial cohesion is likely to be subject to major constraints. The flexibility sought by some Member States with respect to the proposed Community Strategic Guidelines suggests that they do not necessarily share the conceptual approach underlying territorial cohesion. Second, the policy priorities of individual countries vary greatly. Third, there is considerable variation in the scope and capacity of institutional arrangements within Member States to address the territorial cohesion agenda.

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I CONCETTI DI COMPETITIVITÀ ALLA LUCE DELLE STRATEGIE DI LISBONA E GÖTEBORG. – L'articolo presenta una sintesi critica dei contributi scientifici e della politica europea che consentono di ripensare il concetto di competitività. Alla luce delle nuove definizioni e dei nuovi indicatori mutuati dalla ricerca, anche empirica, il contributo analizza il ruolo dei contesti territoriali che sostengono le politiche dell'Unione Europea legate alla strategia di Lisbona/Göteborg di fronte alla competizione internazionale.

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