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Regional Policy in Europe: Divergent Trajectories?  
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Europe is in need of growth. In order to be sustained, growth must be built on confidence, which is currently lacking, on a good combination of existing and new growth factors, on a good strategy that should wisely incorporate the global context, and, last but not least, on smart mobilisation of local development potential.

First, let me say that there is no sustainable growth without investment. That brings the issue of how to fund it. At the end of the day it is the private capital that generates growth but there are moments when it is indispensable to look anew at the role of public spending, its leverage power, its catalytic role, and its confidence building function. In this context, as we live the time of national budgetary cuts, the role of the EU budget becomes pivotal. We need the new MFF to play both the role of smart investment policy funding and the role of a mechanism pushing European policies toward modernisation and effectiveness.

We all agree that the next MFF must generate a strong European value added, financing growth-generating policies that measurably contribute to EU goals and interests, that strengthen cooperation and standards, that concern fundamentals of citizens' lives, that enhance and use the potential of civil society, that improve institutional capacity, contribute to economic, social and territorial cohesion, increase mobility and are conducive to the process of learning from each other. This is exactly what European regional policy is about and cares for.

My second point is about the formal role of the European Parliament in the decision-making process that is ahead of us and which will be decisive for the European economy's capacity to get out of the crisis strengthened and competitive in a sustainable way.

There are two strands of the decision process at the level of EU institutions. One is the MFF, the other the regulatory framework for policies to be financed from the EU budget. These strands have a very complex relationship. You may boil it down to the empty brackets we will have in separate form waiting for the friends of presidency, the group negotiating the MFF, to give us figures.

On the MFF, let me say that there is a formal procedure as described in article 312 of the Treaty on the Functioning of the European Union. It says that the Council decides by unanimity and the European Parliament gives its consent.

But the experience of the first two years of the reading of the new Treaty has clearly enhanced the political role of the European Parliament in decision making. For the MFF, a special committee was established ("SURE") which worked for a year and adopted its view on the 2014-2020 MFF ahead of the Commission proposal. It has not only expressed the view of the Parliament on the size of the budget but also on how to further modernise it from the point of view of its European value added and its effectiveness. It has offered major lines on reforms needed in the regulatory frameworks of individual policies.

Negotiations of the financial framework for 2014-2020 and the regulatory framework will proceed in a parallel way. Decisions will be interdependent, most likely the slowing down factor will be the financial one. Nevertheless, the commitment of the Troika, Poland, Denmark and Cyprus, is to complete both processes by the end of 2012.

The regulatory framework for regional policy is to be adopted by the College of Commissioners on 6 October. There are, at this stage, still two pending issues to agree on. One is about how the Connecting Europe Facility will relate to regional policy, the other on macroeconomic sanctions making regional policy a punishment tool for lack of macroeconomic policy discipline.

Unlike for the MFF, for the regulatory framework of regional policy, the EP is codeciding through the ordinary legislative procedure which gives the Parliament more power in deciding on the shape of this framework. I personally believe that with a strong political will, which is visible today, we can finalise the whole process by the end of 2012.

Also the new role of national parliaments can potentially extend negotiations, even if its only a subsidiarity check. On the 6th, there is a meeting in the EP: national parliaments will discuss with REGI, the Presidency and Commissioner Hahn.

On the process so far, I can say that there has been an unprecedented cooperation between the institutions. For the last two years, we have organised monthly meetings with DG Regio in the form of the Working Party on the Future of Cohesion Policy. As chair of the EP committee on Regional Development, I have participated in the Task Force on Conditionality. I would say that there are no secrets between the three institutions. Hopefully, this will facilitate the negotiations. Also, a huge amount of political work has been done in the EP to explain the fundamental role of regional policy in generating growth and structural change in the EU.

The state of play in the EP today is as follows: the rapporteurs for the reports on the regulations were appointed in July. There are two rapporteurs for the umbrella regulations to have a majority. We are still working on amendments to the regulations.

Let me also say a few words on the potential conflicts during the negotiations of the new regulatory framework. Clearly for most of the issues we have managed through the cooperation with Commission and Council over the last two years to build a consensus. On several issues where we share the position as finally adopted by the College, the EP is divided. For example, there are some colleagues who are not happy with the new architecture. They believe the rich regions would get stronger financial support if there were no intermediate category regions. Some colleagues support macroeconomic sanctions. We are divided on the Connecting Europe Facility, but I am confident that we can find a majority and avoid any delay in adopting new regulations.

The real challenge as I see it is to continue the reform of European regional policy in such a way that it further improves its efficiency as public intervention in the economy, that it accumulates the change the European economy needs to be globally competitive. Regional policy has been through its history in a continued process of evolution. It should continue to evolve. In the meantime the global context has changed dramatically. What we said back in 2006 - that Europe is too small to leave even the smallest part of its territory with a growth deficit - is even more relevant today. We need a policy that has at its disposal all necessary tools, enhancing a balanced, multipolar growth structure. Investing in agglomeration, strengthening trickle-down effects, connecting locomotives better with engine-lacking wagons - that is clearly needed. But without support for unused or even undiscovered growth capacities in the periphery, locomotives will continue to travel alone. And this is a waste of potential.

We have to continue to explain to non-believers, to those who have doubts, that macroeconomic and sectoral policies, important as they are - if not supplemented with integrated, place-based policies - will not be efficient or will even fail to deliver. But it must be clear that place-based does not mean inward-looking or parochial. It simply means that the context in which policy is applied is better understood and therefore policy is more effective.

And, again and again, we must continue to explain that European regional policy is not a funding tool, it is a public investment policy framework.