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European Parliament
Committee on Regional Development

Speech of Professor Danuta Hübner,
Chair of the Committee on Regional Development

Added value, added vision: EU2020&Cohesion Policy

REGI-COTER joint meeting

Workshop, OPEN DAYS

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Ladies and Gentleman,

It is a great pleasure for us, Members of the Committee on Regional Development to have a joint meeting with Members of the COTER Commission as well as the stakeholders attending our workshop to reflect on the implications of the EU2020 Strategy on Cohesion Policy and its future.

I find it especially important that we can exchange views with participants representing diverse organisations implied in the design and implementation of regional policy. I encourage you to join the debate today, to make your voices heard. Make your voices heard also beyond this workshop, throughout the process leading up to the agreement on the future Cohesion Policy. Be active towards European institutions, but also "at home", advocating Cohesion Policy to decision-makers on national level.

Even though the future policy framework is decided on European level, I am convinced, that the success of this policy largely depend on those on the ground and their response to opportunities and challenges. Therefore, the contribution of Cohesion Policy to the pursuit of the EU's overall objectives, as well as the image of Europe in 2020 will to a large extent be shaped by the cumulated actions of actors on different levels of governance.

Today's debate is an attempt to discuss the relations between the EU2020 Strategy and Cohesion Policy. I am often confronted with the question whether there is a risk of too much "lisbonisation" of Cohesion Policy, a risk of losing its Treaty-based objective of reducing disparities within the

European Union. I strongly believe that the overarching European mission of pursuing social, economic and territorial cohesion, as set out in the Treaty, should remain the guiding light for us as we try to manoeuvre our European flotilla. It must be reflected in European policies, including Cohesion Policy. At the same time, we have to realise that the landscape around us has changed dramatically, and we need to rethink our path on increasingly challenging waters. The harmonisation of policies with the EU2020 Strategy is the way ahead.

I think that these two aspects can be well aligned, and that Cohesion Policy has to work towards gradually reducing development disparities between European regions through boosting the competitiveness of all European regions to enable them to adapt permanently to the conditions of globalisation.

We are here to discuss whether the relationship between cohesion policy and EU 2020 strategy is a recipe for a good marriage or for a divorce. I will defend the marriage scenario. It is enough to ask ourselves a question about priorities for cohesion policy after 2013 under the absence of EU 2020 strategy. The European Commission has delivered in 2008 a study "Regions 2020". Major challenges affecting regions in an asymmetric way were: climate change, demographic trends, energy security and efficiency and global competition. These are exactly the challenges to which EU 2020 responds.

Cohesion policy was originally conceived along with the creation of the internal market, to facilitate its functioning and that of the economic and monetary union. It remains valid today, but we cannot overlook the fact that European integration has to be seen in the context of globalisation. Territories need not only to step up to challenges of the internal market,

but also to deal with global competition. European towns, cities and regions measure their strength and competitiveness against this global backdrop. This effort to adapt is not only required of the most backward regions, but also of other regions regardless whether they are already competitive or no longer competitive. Cohesion Policy is capable of backing these efforts, as it mobilizes untapped potentials in all regions; it mobilises local and regional level in the pursuit of common European objectives. Its modern, effective, integrated and inclusive approach to growth policies tries to making sure that no-one is left behind.

The alignment with the EU2020 Strategy is the continuation of the alignment with the Lisbon Strategy, which reoriented the policy towards mobilizing development potential. While exploring the best way ahead into the future we must ask ourselves: what are the lessons we can learn from the Lisbon strategy and the “earmarking” of Cohesion Policy? In fact, the only clearly successful strand of the Lisbon strategy has been its regional strand. The European regional policy is the only, let me emphasise, the only European policy that has taken Lisbon strategy with highest accountability. I agree with those who point at the lack of in-depth evaluation; indeed we must look into what works and what does not. We need more evidence, but we also need a vision guiding our common actions. Parliament, in its recent resolution¹, criticised the lack of overall assessment of earmarking and its contribution to balanced and coherent regional development, but also emphasised that cohesion policy's priorities should be aligned with the EU2020 objectives, sufficient flexibility should be allowed to accommodate regional specificities and support the weaker and neediest regions. We also know

¹ European Parliament resolution of 20 May 2010 on the contribution of the Cohesion policy to the achievement of Lisbon and the EU2020 objectives ([2009/2235\(INI\)](#)) “REGI INI report, Rapporteur: Ricardo Cortés Lastra”

that in its June conclusions, the Council sent us a clear message to involve cohesion policy in the implementation of EU 2020.²

Let me elaborate more on the fact that the world, recovering from the crisis, is a different reality from what we knew a decade ago. Policy interventions need to be readjusting to the present situation: the EU2020 strategy and its implementation must carefully link crisis exit policies and the pursuit of long-term growth, while taking into account the diversity and comparative advantages of European territories. The crisis has highlighted the great importance of the Structural Funds as a means of economic stimulation, particularly for small businesses, sustainability and energy efficiency. With an overall budget of EUR 347 billion for the 2007-2013 period, some 70% of which earmarked for investment in people, in business, in infrastructure and energy and in research and innovation - Cohesion Policy invests in the real economy.

Especially in the light of the crisis, there might be fears that in the pursuit of the EU2020 ambitions many will be left behind. Yes, it is important to identify and nourish new engines for growth, but of course we should not forget about areas that currently fight with a growth deficit. High-tech industries or new green technologies cannot be a uniform answer to the problems faced by many of the territories in Europe. However, many sectors considered promising for the future are traditional, e.g. transport and agriculture. Therefore; regions need to define their strength and pursue cross-sectoral specialisation, apply new technologies in existing

² European Council conclusions, 17 June 2010“All common policies, including the common agricultural policy and cohesion policy, will need to support the strategy. ... The European Council stresses the importance of promoting economic, social and territorial cohesion...”

sectors, or specialise in innovation niches. Place-based specialisation and smart innovation policy are important for all regions.³

In a recent OECD presentation⁴ a striking picture was outlined on the contribution of EU regions to average EU growth: namely that only 8% of regions contributed to 34 % of EU GDP growth (over the period 1995-2005), with a big number of remaining regions that each have a considerably lower level of contribution. However, if we turn this result around, the other side of the coin shows that 92% of regions contribute to 66 % of the average growth. Every region counts, we cannot afford leaving 66 % of our growth behind, as opportunities for growth exist in every region. The challenge here is to ensure that the strongest remain competitive, and the weaker ones improve their performance. Poles of growth should pull the others forward, a precondition of which is the establishment and strengthening of links between those excelling and those lagging behind. We need more links and cooperation between territories, not less. I know that regions know how to best cooperate, they do it, and the policy support to their efforts should remain intense to help them step these efforts up.

The European Parliament is very much concerned by the fact that the undeniable increase in convergence between countries often masks the increasing number of differences between and within regions. We hope that the enhancing of the territorial dimension of Cohesion Policy, which is to complete the economic and social cohesion, will help address this problem.

³ Executive summary, The regional impact of technological change in 2020, Synthesis report, René Wintjes and Hugo Hollanders (UNU-MERIT) with input from the ETEPS project partners. EC study: http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/2010_technological_change.pdf

⁴ Presentation with the title "Regions and economic growth" by Mr Joaquim Oliveira Martins, Head of Regional Development Policy Division, OECD/GOV, Internal workshop of EPP Group/CRIS Committee on "Role of Cohesion Policy Instruments in the Recovery and Growth of the European Economy", 15.09.2010

There is growing awareness that innovation is the main driver of economic progress. As regions develop, their ability to innovate becomes increasingly critical determinant of the competitiveness of the entire EU economy. Parliament fully acknowledges the importance of innovation in stimulating regional competitiveness for which appropriate human capital is a prerequisite. There does not need to be a trade-off between innovation and employment performance. We need inclusive innovation; we must foster processes that result in sustaining existing jobs and creating new ones.⁵ Therefore, innovation policy should go hand in hand with investing in education and we should not forget about those members of society, who cannot cope with the emerging challenges. In this context it is very important that regions create a favourable environment to research and innovation. Innovation requires local and regional focus, catalysing public interventions and last, but not least, it requires a place-based integrated policy approach. Therefore the Committee on Regional Development considers that the effective use of Structural Funds is fundamental in this field. Cohesion policy must assist regions in exploiting and building comparative advantages at the regional level.

Against this backdrop, it is important to underline that both excelling and lagging regions across the Union's territory should continue to receive Cohesion Policy assistance in the future, a position that has also been

⁵ OECD, 2007, Innovation and growth, rationale for an innovation strategy, page 26: "Several of the countries that have strongly emphasised innovation in recent years have also experienced strong employment growth, showing that these can go hand in hand. Indeed, several countries that have observed strong employment growth over the past decade, such as Ireland and Spain, are now emphasising innovation as the scope for further employment-led growth is becoming more limited and future growth will need to come from more rapid productivity growth, including innovation." <http://www.oecd.org/dataoecd/44/50/40908171.pdf>

several times emphasised by the European Parliament.⁶ Limiting the policy to only the poorest regions, an approach backed clearly by pure cash-flow considerations, would make its focus on the pursuit of common European objectives very unlikely. Richer regions also have poorer areas and relatively deprived population, who should have access to EU assistance, just like deprived population in poorer regions. Citizens expect that the EU underpins their prosperity. Furthermore, to make territorial cohesion operational, all regions need to develop tools underpinning cooperation across borders. It does not need to be mentioned that cohesion policy provides for such tools.

Clearly, the resources of policy assistance are limited; therefore choices have to be made on how to channel interventions. Territorial concentration of these resources, by leaving some regions without assistance, would be a short sighted choice. Opposed to this, the alignment with EU2020 targets provides for a strategic focus to channelling of policy efforts.

How can the implementation of the EU2020 Strategy energise Europe so that it can face global competition, and tackle internal challenges? The answer lies in multi-level governance. The new Treaty clearly tells us, that Europe is more than merely EU institutions and national governments. Our actions must be orchestrated between European, national, regional and local levels of governance. The European Parliament expressed on numerous occasions the need to foster a system of multi-level governance and identify the appropriate territorial level at which intervention is most effective during the various stages of programme planning and implementation. In this context, REGI

⁶ Arguments in this section based on: The future of Cohesion Policy in richer regions, working paper by Iain Begg, European Institute, London School of Economics & Political Science, http://ec.europa.eu/regional_policy/sources/docgener/work/2009_03_richer.pdf

Committee is putting a strong emphasis on exploring the future of urban dimension in Cohesion Policy⁷, bearing in mind the emerging importance of cities and urban areas.

Competitiveness and cohesion objectives are often presented as opponents. It is legitimate to ask how we should address job insecurity, loss of feeling of social belonging, as well aging population and demographics. Many forces work against cohesion in Europe. In the last 20 years, job insecurity has increased considerably, with shorter, less secure and less well paid contracts, not only for uneducated people but also for young university graduates. This considerably weakens the feeling of social belonging which rapidly tips over into social insecurity and exclusion throughout Europe. This worrying situation particularly concerns young people, self-employed workers, people with immigrant roots, old people and workers at the end of their career. And this is a strong anti-cohesion force. The new strategy for Europe must be built on the role of an active European citizen and an involved society. It must not exclude anybody from the pursuit of common European objectives. This is why multilevel governance and partnership so well known from European Cohesion Policy should be the core of governance and delivery of the strategy.

We must finally understand that cohesion is not a cost, it taps unused potential, expands growth basis and generates European social capital. Investing in regions and cities means progress for Europe. The issue of the architecture of the future Cohesion Policy 2014-2020 will be the main focus of political debate among national and European decision-makers

⁷ INI report with the title "European Urban Agenda and its Future in Cohesion Policy" (Rapporteur: Oldřich Vlasák) and mini-hearing in the context of the INI report; Hearing on "The place of Europe's towns and cities in cohesion policy"

for the next 3-4 years to come. The European Parliament will express its position on the General Regulation of Structural Funds under the co-decision procedure, thus having additional weight and room for manoeuvre. Members of the Committee on Regional Development are already actively contributing to the ongoing debate. It will be particularly important to reflect on the budget to be allocated to Cohesion Policy so that the strengthening of this policy goes hand in hand with sufficient allocation of financial resources to allow the most appropriate response to the challenges raised and permit the necessary and inevitable adaptation to new circumstances.

Thank you for your participation and for your attention, and we hope that today's debate will give us more insight into the issues at stake.