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Cohesion Policy for all: Justification for the future

Fundacion Galicia Europa

Workshop, OPEN DAYS

6 October 2010

Brussels, Belgium

We have debated publicly the future cohesion policy since the Cohesion Forum in September 2007. We will soon see the 5th Cohesion report in which the European Commission will present its ideas for the future inspired also by ideas born during this lengthy period of consultations, during which you made yourselves heard. European Parliament will debate the Resolution on the Future Cohesion Policy this week, actually tomorrow.

We must realize that growth in Europe will be supply driven in the years to come. Development, investment policies like the cohesion policy will be of utmost importance in putting Europe on long term path of structural change, resource efficiency, innovation, growth and new sustainable jobs. Cohesion policy will work as a catalyst for change.

European cohesion policy is a development policy which requires an adequate macroeconomic and financial framework to achieve its full impact.

The 2006 reform of cohesion policy has shifted the paradigm of the cohesion policy from reducing disparities to mobilizing development potential. Reduction of disparities is a non linear long term process and rather a moving target. What matters more, therefore, is the focus on mechanisms facilitating growth and structural change based on growing competitiveness which cohesion policy can trigger. The reform has also emphasized the importance of adjusting targets and policy tools to specific potentials and needs of member states and regions. Linking policy objectives with those of the European Union's through strategic approach to the policy and content related conditionality has influenced concentration and quality of interventions. The reform has also recognized that while the role of cohesion policy in facilitating functioning of the internal market and economic and monetary union remains valid, the challenge of globalization has made the opening of regions to global competition key to the sustainability of their progress. In short, the 2006 reform has made a major step towards consolidating the role of cohesion policy as EU development policy tailored to specific situations while recognizing the horizontal nature of challenges and EU policy objectives.

The key issue of post 2013 reform is how to make regional policy more effective in generating growth, jobs and global competitiveness in a sustainable way. The challenges of globalization and its local impacts, climate change, energy security and renewable energy potential, resource efficiency, demographic trends generate strong pressures towards identification of growth opportunities at local and regional levels. Tailored responses are needed which makes good understanding of both challenges and opportunities as well as specific place based potentials indispensable.

In the context of both problems to be addressed and available policy tools, European post 2013 cohesion policy must be carried out across the Union's territory. Restricting it to the poorest regions inevitably would take us back to the old fashioned approach, based on the principle of "compensating for the past" rejected even in the context of 2004 enlargement as subsidy based policy instrument with a strong sectorial focus, weak from the point of view of

effectiveness. This type of approach to the policy would make its focus on the pursuit of common European objectives very unlikely. We would generate a quasi European policy working as supplement to national objectives oriented sectorial policies.

Cohesion is, according to the Treaty, a basic principle of European integration. This principle makes cohesion policy a policy for all citizens of the Union. But, of course, cohesion policy should do more in regions where catching up is a challenge.

The role of Objective 2 regions in strengthening Europe's competitiveness in the global context is a precious asset. We are also aware that only few of them outperform their global competitors. Many still score below EU average on productivity, share of graduates, on employment rate. Cohesion policy framework gives them a chance for improvements.

A large part of their post crisis budgets are absorbed by current expenditure, leaving very little margins to finance new investment, to invest in resource efficiency and innovation. Small resources provided by cohesion policy very often represent a significant share of the regional capacity to finance new investment.

The future policy architecture should take into account the post crisis territorial reality at the regional level. It seems justified to rethink the position of regions that graduate from their less advanced status and/or face restructuring challenges too deep to make them part of Obj. 2 . It seems also justify that transitional regime that would support effectively their efforts should be identified as a part of Convergence objective.

The challenge of achieving EU wide strategic objectives, on the one hand, and a rather limited number of available European policy tools point to the need of focusing all European policies, and cohesion policy in particular, on these objectives. Therefore, making cohesion policy our integral part of

EU2020 and its Flagship Initiatives, with all the consequences with regard to the role of regions and cities is just a reflection of European reality.

Even if we didn't have the EU2020, competitiveness, based on resource efficiency and innovation, should be an important focus due to well known trends in global challenges. Without competitiveness there is no sustainable growth and sustainable jobs. An additional strong justification for this focus comes from the fact that the crisis has already led, and will do it even more deeply in the years to come, to abandonment of competitiveness goals in both public and private investment policies. Public resources have been increasingly transferred towards stability objectives as well as policy and investment measures and we will witness strengthening of this trend. The response should be to have competitiveness as major cohesion policy objective for all European regions.

Understanding that European cohesion policy is not merely a financial tool for investment but a policy that is generating new resources, adding to growth potential is crucial. This points to the importance of the process of setting policy priorities and focusing its investment. Therefore, the objective today cannot be reducing or eliminating production gap generated by the crisis or growth deficit but putting productivity gains on track. Hence, the emphasis on competitiveness is a must. Post 2013 policy should be an instrument to enable competitiveness. Equally, it must avoid generating conditions that would impede competition. It must work towards opening regional economies to international competition, promoting international networking of regions and enterprises, making this networking a condition for programs and projects.

Disparities must be addressed through both mobilizing development potential in territories which lag behind and in territories where a new generation of investment in competitive advantages is needed. Through networking and cooperation, we can link more effectively locomotives, growth and innovation centers with those that are catching up. But all regions and cities have to measure today their strength and competitiveness against the global context.

The Treaty-based mission of the policy remains valid today, but there is a change as well. Regions and cities need not only to step up to challenges of the internal market and common currency, but also need to be able to deal with global competition.

By adding the third, territorial dimension to the European cohesion we have put our finger on a hugely untapped potential which is hidden behind national or even regional statistics. This potential can be unleashed by better adjustment of all European policies to territorial specificities and cooperation between cities and regions across Europe and beyond its borders.

Territorial cohesion is not only a goal to achieve. It is also an instrument to achieve more and better growth. Responses to all major challenges Europe is facing have a territorial dimension. That is why we must take the territorial impact assessment seriously, take into account more effectively territorial specificities, adjust urban development axis of the policy to the current challenges and opportunities, reinforce local growth initiatives and invest more in the territorial cooperation taking barriers away.

I am convinced that proposed reforms of cohesion policy will take us further towards more result oriented policy, harnessing all levels of European governance and based on a comprehensive future oriented investment strategy, policy operating within a common European framework covering all European structural funds, policy based on incentives but also on conditionality working towards more effective interventions, policy focused on priorities of European importance but leaving the space for their adjustment to territorial specificities. Focusing more efficiently on results is a challenge not only for cohesion policy, it is a must for all policies in Europe, designed and delivered at European, national, regional and local level.

The recent financial and economic crisis is drawing a new economic map of Europe. We must spare no efforts to see at the end of the day a better map.

European value added of the cohesion policy is ensured by its contribution to:

- EU objectives or common European interests
- Strengthening European integration, cooperation (e.g. functioning of the internal market or euro zone)
- Ensuring application of EU laws, norms and standards
- Touching important aspects of life of EU citizens
- Making Union more visible and tangible to citizens, enterprises, local authorities
- Involving actors across European society
- Acting as catalysts for new and future oriented initiatives
- Deliver institutional capacity building
- Enhancing connectivity
- Contributing to mobility
- Supporting learning from others' experience
- Working against internal imbalances, towards economic, social and territorial cohesion