

Seminar "How to build stairways to excellence in EU regions"

Introductory speech by Prof. Danuta Hübner MEP

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I am truly pleased that we can be here together. It is actually the crisis that has provided us with a space, both in conceptual and action oriented sense, needed to undertake reforms that would have been simply unimaginable in circumstances others than an exceptionally dire danger to the European project. The crisis has confronted us with such a possibility and it has become a source of great mobilization.

Europe has embarked on massive reforms giving its economic, political and institutional foundations a new, hopefully more resilient, architecture. The new formula of the Union, the reinvented Europe, still in making, comes about by sort of natural evolution, as a result of a necessity to respond to emerging challenges. We are still half way through the grand change, we still have a long way to go and it is an uphill struggle, but, if we do not give up on reforms, the result will be a better system of living together in a more deeply integrated and stronger Union.

There is no doubt that the eurozone needs considerably more integration. The Treaty is incomplete in this respect. But how to avoid expanding the gulf between member states that are "in" and those that are "out"? How to avoid diverging paths of change and evolution? We need not only political declarations but an institutional mechanism that would allow us to go further together. We cannot replace the EU 27 with the EU17. Europe is too small to afford having parts of its territory without growth. It should be obvious that the Union cannot afford a division for a euro club on the one hand and the euro dodgers on the other. It would be an expression of short sightedness on the

part of the euro zone states if they thought that the defence of the common currency is a “clubby” thing and that this effort does not need allies from outside the club. In order to keep European project in the best possible shape, we must be politically willing and we need a broad united front and the support of all European Union members.

Building on the crisis to me also means understanding that Europe needs growth, based on new factors, new drivers, on future oriented investment and enterprises.

The world of today is already different from the pre-crisis one, and it will be even more so in the future. There are new expectations of citizens, there are new markets emerging to respond to those expectations, jobs are being created in new sectors. We have to transform our economy into a low carbon one. We have to make innovation an essential element of our culture. In Europe, growth policy focussing on a limited number of locomotives and on a limited number of growth poles is no longer an option. Europe must expand its innovation basis, mobilize creativity, knowledge generation and use across its territory. The challenge to build stairways to excellence is a challenge for the entire EU. Rethinking growth delivery mechanism, exploiting better the potential of cooperation, of multilevel governance, of integrated approach to policy thinking and making – can make the grand transformation which is awaiting European economy more efficient and effective.

In the face of budget cuts, there is a real risk that governments will find it convenient to cut education and research budgets, and particularly those for higher education, on the assumption that this will not lose them too many votes. This is already taking place in member states under the regime of extreme austerity packages. I do not have to convince you that this is an extremely short-sighted way of cutting the deficit, because it reduces our capacity for technological development and therefore our medium and long-term economic growth potential. This could lead to a lost decade, which Europe cannot afford.

I am sure that you would agree that today, the role of university goes far beyond its traditional mission. They get engaged with local community, they engage in skills improvement, in raising the quality of education, they generate businesses, and very often are leaders in stimulating innovation and knowledge transfer.

Also, times when only capital cities and world class universities would drive progress and innovation are gone. Across Europe in many small and medium sized towns universities stimulate start-ups, spin-outs, knowledge transfer, innovation and growth. Cities, towns and regions which are smart enough to harness the capabilities of their universities are today critical to driving the European Union economy toward innovation, toward sustainability and global competitiveness. The most successful cities and regions are those that work hand in hand with their universities.

Let me also briefly touch on the role of regional policy. Of course, there are large disparities between regions in the EU regarding their capacity to develop and absorb knowledge and technology. The performance of many of them is below the EU average, but, on the other hand, there are also some regions that perform better than the US or Japan. Fact is that all regions, however competitive they might be today, are confronted with the permanent need to restructure, modernize and foster continuous knowledge-based innovation in order to meet the challenges and exploit opportunities of globalization, climate change, demographic trends, energy security, and last but not least, to find the way out of this crisis.

I am a firm believer in the capacity of EU regional policy to achieve two objectives with one instrument! It can at the same time tackle its original objective of increasing welfare in the less prosperous regions of the Union and contribute to creating the basis for knowledge and innovation driven development leading to higher economic growth rates for the whole Community in the medium term.

For European regions this means that in order to compete successfully in the global market, and to continue to grow at a pace that will allow them to bring their GDP per capita levels to a good and sustainable level, they must

strengthen the ability and willingness of their enterprises to innovate, to be internationally competitive, to reach out to knowledge and technology. This will not occur unless regions and cities enhance their research centres and their academic institutions to not only achieve a strong basis and a critical mass of high quality research, but also create an appropriate entrepreneurial climate in a university context. An adequate legal framework with respect to commercialisation and industrialisation of their knowledge production, has to be in place, as well as incentives and policies to encourage research groups to actively seek knowledge transfer opportunities.

You will discuss in detail how EU regional policy from 2014 to 2020 can become a strong vehicle for building stairways to excellence. The new ERDF regulation makes strengthening research, technological development and innovation one of its main investment priorities. In the field of innovation, it aims specifically at enhancing research and innovation infrastructure and capacities to develop R&I excellence and promoting centres of competence. Unfortunately, smart specialisation strategies come in the new edition of regional policy only as a conditionality instrument.

At least 80% of ERDF resources are proposed to be used for innovation, supporting SMEs and low-carbon technologies in rich and intermediate regions. In poorer regions, this investment amounts to 50%, ensuring a critical mass of funding for innovation in all of Europe's regions.

One can say that again large parts of regional policy funding are concentrated on innovation, to continue the good marriage between the policy and innovation. However, there is a system of conditionality in place for regions to receive this innovation funding: a smart specialisation strategy needs to be in place for regions to be eligible. Not only does this stress the importance of having such a strategy in place at all, but moreover the need to ensure the quality of a region's smart specialisation strategy. The strategy allows for the funding to be allocated and then immediately invested, reducing delays between allocation and implementation.

The European Parliament supports this new approach. It made very clear that research and innovation are key instruments for the development of the EU, and therefore require regular investment. In this regard Parliament called for a better coordination of the Regional Policy and the Research Policy, and their funding instruments and the Framework Programme to maximise the benefits of the both and recommended the development of regional innovative clusters within and between Member States. But innovation is not just a "research plus" process. It requires strategy and a system.

The REGI committee called on every region to invest in innovation and to adjust their existing innovation strategies to increase their efficiency, furthermore to upgrade their human capital and to enhance the ability and willingness of their enterprises to innovate and be internationally competitive. The committee also stressed in one of its resolutions that research and development policies should be territorialised. It stressed the importance of adapting cohesion policy and research and innovation policies to the specific needs of the territories, since closer involvement of regional and local authorities in the design and implementation of the European Regional Development Funds and research and innovation programmes is of crucial importance.

Unfortunately, as of the mid-1990s, a growing gap on innovation between the EU and the US has manifested itself. It is due to many facts. A very important one comes from our dominating focus on innovation supply (R&D) and not on the demand side. Still the links with enterprises are too weak, education fails on this as well, in areas important for innovation, single market is imperfect (internet and digital services). So, while further improvement on the innovation supply side is needed, weakness on demand side must be urgently addressed and further investment in linkages between demand and supply are needed to strengthen European innovation systems. We need more encouragement to profitable collaborations between businesses and research institutions.

