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I am truly sorry that I cannot be with you today in Bielsko-Biała but at the moment that you are listening to this speech I am actually voting on important regulations in the European Parliament in Strasbourg. I can also tell you that I was very honoured to accept the invitation to take on the patronage of this event.

There are so many debates and meetings around Europe where the topic is innovation that I am worrying that we see innovation as a solution to all our potential problems. This is, of course, not the case. It is growth, or rather the lack of it, that worries us today. What is even more worrying is that austerity packages lead to cuts in investment, education, research and innovation capacity. This weakens foundations for long term growth. In this context, the role of the EU budget, an investment budget with a large potential of leveraging private funding and focussing it on innovation, seems essential.

But innovation is not only about funding. It is about systems, strategies, policies, policy tools and the best choices of the place for public intervention. For years we have discussed and indeed a lot has been done to put innovation at the heart of regional policy. Most of the responses to combat challenges can be identified at local and regional level. Regions and cities increasingly reach out to innovative solutions to the problems they face, but also to opportunities that they can exploit. And they know that investing in innovation is not a one-time boost; it is a process, as regions and cities will be confronted with a permanent need to restructure, to modernise, to foster

knowledge-based innovation, to meet the challenges mentioned previously and to exploit the opportunities that those challenges bring ahead.

We are now negotiating new regulatory framework for regional policy 2014-2020, where we put innovation at the heart of Europe's growth strategies. Our experience with regional innovation shows that regional development can benefit from the concept of smart specialisation.

Through smart specialisation strategies we want to encourage regions to identify and exploit their high value added assets. Smart specialisation can help to make use of the regional and local conditions and to find innovative methods to utilise local strengths and possibilities.

To embark on smart specialisation, a region has to focus its resources on strategic priorities and identify comparative advantages, which can also be man-made, not only inherited. Mix of policies would then be needed to strengthen the innovative potentials of local companies. This would help design the right mix of policies to enable smart and inclusive growth to strengthen the potentials and competitiveness of the enterprises in the region. Smart specialisation must be a bottom-up process; based on regional potential. There is a role of public funding and, indeed, smart specialisation should ensure effective use of public funds, helping to leverage private investment. Also stimulate the cooperation between regions and thus enlarging the overall research and innovation potential available to companies.

European regional policy is an ideal tool to support this type of innovation. It should continue its involvement in enhancing innovation, building all necessary links that can help exploit synergies with other policies. A lot has been done already for innovation in the history of regional policy. The current programming period (from 2007 to 2013) has seen significant investment in regional innovation systems. There is no reason not to make a brave step forward towards to use of potential of smart specialisation.