

**Keynote speech by Danuta Hübner**  
**European Commissioner for Regional Policy**  
***"Dialogue brings territories together"***  
**Third Territorial Dialogue Conference 2008**  
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Mr President, Ministers, Ladies and Gentlemen,

When the Commission decided to reorient EU Cohesion policy for the new programming period 2007-2013 and to make it the main investment instrument to take the Lisbon Strategy for growth and jobs forward, we have increased the strategic focus of our policy and consistency with the Lisbon Integrated Guidelines.

Member States were asked to " earmark" the major part of cohesion policy measures – today we see that it is over € 200 billion - for investments with the potential to contribute significantly to the Lisbon objectives of more jobs and growth. Across member states and regions the results of this earmarking exercise have been encouraging. I feared it could convert into an administrative, bureaucratic exercise but instead we opened minds. The less developed regions, the "Convergence Regions", will invest 65% of cohesion policy resources in Lisbon-related objectives and regions falling under the "Regional Competitiveness and Employment Objective" 82%. These percentages, though, vary significantly both across Member States and regions: in convergence regions from 90% in Austria to 45% in Malta; in competitiveness regions from 92% in Denmark to 50% in Hungary.

I find both these figures and the commitment behind them very promising. Now we need to make sure that we actually deliver.

As a result, the new cohesion policy programmes, both regional and national, put particular emphasis on investing more in knowledge and innovation. I am pleased to say that investments in R&D and innovation almost quadruple in our operational programmes compared to the programming period 2000-2006. They are planned to amount to almost €100 billion. This is almost twice the entire FP7 budget [of over €50 bn].

Half of this amount – about €50 billion - will be invested in improving innovative capacity in business, by supporting technological transfers and cooperation networks, as well as R&D and eco-innovation.

The other half is shared between support for the diffusion, use and the development ICTs; support for business start-ups and self-employment; the development of skills; and the promotion of a more flexible and adaptable workforce. Investing in excellence has become a crucial element of programmes at all levels of education and training.

Mr President, Ladies and Gentlemen,

There is no doubt that what really matters most is the future. With regard to the future of cohesion policy, let me mention just very briefly what some participants expressed in our public consultation. First, participants expressed overwhelming support for continuing the policy beyond 2013, with a focus on the poor while covering all regions. Second, they also expressed support for its involvement in the Lisbon agenda and stated that this policy is a valuable instrument to achieve more growth and jobs. Third, a substantial number of contributions want to further strengthen the multi-governance system by enhancing the role of regional and local authorities in both programming and implementation. Fourth, our Eurobarometer survey on cohesion policy - I will give a press conference on Friday - shows that people have trust in the policy to cope with present and future challenges.

Talking about the future: My first belief is that the context of regional development in the Union is increasingly set by global changes. In the past, especially in the 1990s, the main frame of reference for the development of our regions was of an internal nature, tending to leave external challenges to national governments and other Community

policies, such as trade policy. Today, European regions cannot anymore position themselves and measure their competitiveness only against the European economy. It is increasingly the case that the most successful regions are those which have managed to internationalize their economies. Any comprehensive investment strategy lacking global perspective is deemed to bring in longer term region's marginalization and loss of competitiveness.

This alters the very meaning of catching up. Cohesion policy is no longer a tool to help regions catch up with the Union's average and reaffirm themselves within their own territory. The aim must be to assist regions in finding their place in global markets, acting as a development policy whose main objective is to foster endogenous growth and ensure equality of opportunity throughout the Union's territories. As a policy which addresses opportunities for the future, by mobilising underexploited potential, rather than compensates for the problems of the past.

Yet, and this is my second point, it seems that while there is clarity on the implications of the first part of the 'equation', this is not necessarily so for the second one. "Competitiveness" remains a more elusive notion, whose measurement is difficult. Yet, today it is clear that economic, social and territorial cohesion cannot be achieved without investing in innovation and knowledge economy, which make the growth of our territories sustainable in a long term. So while cohesion remains a major objective, for successful catching-up investing in what makes regions competitive is a must. Successful catching-up depends on open minds.

But let me emphasise that European cohesion policy improves also the competitive position of regional economies by providing 'European'

public goods, such as European networks of telecommunication, transport and energy, a genuine European environmental policy, investment in education, research and development. Put it differently, we have to foster the approach within which the cohesion policy is able to combine a redistributive function with a very strong focus on public goods, simultaneously fulfilling the politically legitimate objective of building a cohesive European society.

My third point can be linked to the recent OECD report on the review of the Euro area which states that “the Community could achieve more with its regional budget if it were more performance-based”. I believe that this will remain a very important issue for the future. Assessing the value-added of any policy is a difficult task. It is difficult to isolate its effects from other economic and institutional variables, information is dispersed and difficult to assemble, evaluation practices are driven more by formal compliance than by genuine performance objectives. I am convinced that we should start considering what new mechanisms and indicators can demonstrate better the policy performance, value-added and results.

Fourthly, everybody seems to agree on the fact that one of the great achievements of European cohesion policy lies in its implementation system based on multi-level governance. But globalisation changes the meaning of subsidiarity, calling for more involvement of local and regional levels which increasingly tend to be best placed to meet and benefit from global changes. Perhaps the moment is ripe to reflect from this point of view on our system of multi-governance. In this effort it is useful to take also into account the new EU Treaty, which introduced the notion of the territorial cohesion and also provided for a new definition of European subsidiarity, emphasizing the role of the regional and local actors. This is also an opportunity for a closer work with the Union's

regional and local authorities in the programming stage. I hope that the Green Paper on territorial cohesion will be a joint effort. We need to work together and find a formula of consultation to include you early on. I hope to get from all of your input into our Green Paper.

Mr President, Ladies and Gentlemen,

This brings me to your (the Committee's) resolution and the accompanying report "European Regions and Cities – Partners for the Jobs and Growth strategy."

The report and the resolution confirm that most regions and cities are still relatively unsatisfied with their degree of involvement in the National Reform Programmes, despite some progress in 2007.

The Commission agrees that they need to be involved more and in an even better way. Let me recall here that the partnership principle is laid down in our regulation. We insisted on this partnership during the negotiations on programmes and we have now many positive examples of coordination at regional level. Moreover, the Commission prepared the Annual Progress Report last December to be presented to the Council in two weeks. It confirms nevertheless that "further efforts are necessary to reinforce wider stakeholder involvement" and supports your strong interest in monitoring the extent of stakeholder involvement in the strategy.

We have agreed three years ago that the road to Lisbon passes through the regions – and today we have ample evidence for this. Less than a year ago, in the 4<sup>th</sup> Cohesion Report, the Commission has presented challenges that have been affecting our economies and societies. The

impact on EU territories will be asymmetric and our regions are important players in that game, not spectators.

By the end of this year, I will present a report, analysing the situation across EU regions by 2020, so that when we decide our priorities for cohesion policy post-2013 we can make it with this vision in our minds. I will certainly be happy to share it with you.

I would like to thank you for the good and close cooperation that we have developed over the past years, for your support for our policy and your active role in the debate.

Thank you for your attention.