

World Investment Conference La Baule 2008

"European Policy for making European Territories more attractive"

Keynote speech by Danuta Hübner

Commissioner for Regional Policy

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Ladies and Gentlemen, distinguished Speakers

To make European regions more attractive to live, to work and to invest, this is our common task. I also think that the notion of territorial attractiveness grasps well the essence of today's conference.

It has now become a tradition for me to participate in these prestigious events at La Baule and to speak about Cohesion policy. It is also an honour and a delight to know that your interest and support to the renewed Lisbon agenda and the role of the regional policy in that context, is not only prominent but also enduring.

First of all let me congratulate the speakers of today's session. Their messages are highly relevant and give us much food for thought. Listening to your messages we can find answers to questions that emerge while designing policies for the first decades of this millennium at regional, national and European level, that aim at making Europe and its territories a global competitive space fit for today's complex world.

I would like to address how cohesion policy contributes to help European territories meet the challenge of globalisation by increasing their attractiveness to live, work and invest in.

To do this I will firstly say something on the diversity of factors that determine the attractiveness of regions. I will then talk about the importance of tailoring actions and investments by public authorities to the strengths and opportunities of a region, and in particular on the role of knowledge. I will then conclude with the position Cohesion Policy has taken in accompanying the continuous need for restructuring.

The quality of life and the attractiveness of regions are determined by many factors. They range from the availability of adequate infrastructure, through education facilities to the availability of cultural facilities. Cost efficient facilities for companies need to be combined with quality of life for its employees.

The results of the 'European Attractiveness survey' produced by Ernest & Young distributed today show that though Europe is still in the lead as the most attractive global investment region in the world but it has lost attractiveness compared to earlier times. This should provide us with an impulse to reinforce our policies to take us in the right direction.

I am particularly interested to see that what matters to you as company leaders corresponds to the priorities we have set in European regional Policy. According to the survey, adequate infrastructure in transport and ICT scores three times more than aid and subsidies. You will therefore not be surprised that we have established a direct link between investments in infrastructure in European regions lagging behind and the achievement of the Lisbon targets for growth and development. At the same time, we obviously look at the detrimental effects congestion will have and therefore encourage the infrastructure to be balanced across the Member State and its regions.

Furthermore, if you look at in-house analyses made by many large companies on where to invest you see a similar picture. The operational

environment, and especially the accessibility and the availability of the right skills, determine the success of a company and thus its choice of location.

While you consider the availability of infrastructure, skilled workers, education facilities, green environments as given and decide where to go, we try to look at what makes you tick and how we can influence your external factors. Our output is your input.

All these aspects need to be looked at in a dynamic, constantly changing mix. This is what we try to do in the regional innovation strategies and the investment programmes that follow from this. I know that the strategies are sometimes perceived as a layer of bureaucracy, but I think it is important to stop and think where you are and to find where you aim at before you start running. And sometimes we have to run before we learn to walk.

As Darwin explained in his master work the 'Origin of Species'

'It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change'.

I have no doubt this applies with equal relevance to societies and economies and is a major issue for Europe, where we have to improve our capacities to adopt change.

A crucial factor in all of these strategies is knowledge. You will be aware that in March this year the European Council declared the free movement of knowledge to be **the fifth freedom in the EU Single Market**. This symbolic act amounts to the free movement of people, goods, capitals and services to eliminate market barriers within the EU with a focus on the construction of the knowledge-based economy and society.

Knowledge has various components. It has an education component. We need a workforce that possesses the skills. Much has been said and will be said on this today and tomorrow. For education infrastructure, for life learning and for supporting a better training on the job and improvement of skills of the labour force European regional policy gives significant support.

Knowledge is more than science. In my preface to the survey I referred to earlier I speak about 'my Guggenheim Europe'. My point there is that with courage and vision, and by building on strengths and opportunities, a region can turn itself around and change its image. Investments in bricks accompanied by investments in people can rejuvenate a city and a region. Creativity can turn the economy around. There are many examples in Europe of processes of change for the benefit of knowledge.

Free movement of persons and free movement of knowledge also require a different attitude towards the employer-employee relationship. Many of you will today have mentioned the word 'flexicurity'. You will probably have emphasised the flexibility component a bit more than the security component, but let's just consider that a professional deficiency. I will not explore this point here in depth, but I would like to say that the Barroso Commission is absolutely convinced that a growing and dynamic Europe can be a social and green Europe as well.

I would like to make a small side step on corporate social responsibility. I am encouraged by the various initiatives I have seen emerging in Europe in this area and I congratulate you on this. These initiatives are proof that commercial interests can go hand-in-hand with interests of individual well-being. I actually believe that all these initiatives add to the attractiveness of European regions as a place to work and live in.

This brings me to my final point on regional Policy and its regional dimensions in particular. The policy is often, too often for my taste, seen as a simple transfer of financial resources. These resource transfers at European level are important. However, an equally important aspect of the policy is that this policy allows the European Union to deliver on the many demands made by society in an integrated way. The same investments combine research aspects with climate change and product development. European business leaders rightly stipulate that the greatest source of innovation that will boost European growth over the next five years will come from green technologies and the environment. I would like to add blue technologies to this in the light of the Commission blue book on maritime policy of October 2007. The seas offer us an enormous, yet unexploited potential. Most of all however I would like to emphasise that this is precisely what Cohesion Policy has been doing ever since its reform in 1989. It facilitates a place-based integrated development approach both in terms of mixing sectors and in terms of the various levels of governments working together, the so-called multi-level governance approach.

Cohesion policy has also prioritised support to the establishment of learning processes among regions. Learning is not only important for individuals but for regions as well.

For the present programming period the Commission is fully exploiting the potential of the initiative Regions for Economic Change to reinforce the work of the networking programmes INTERREG IVC and URBACT II adopted in autumn 2007 focuses on innovation related themes.

This initiative introduced a closer participation of several services of the Commission, and a closer link between the Commission and the regions involved in these networks.

A group of these Networks has been labelled 'Fast track option networks' and we are starting now to work with them. In such Networks the partners establish, from the outset, clear and fruitful contacts with managing authorities of the Operational Programmes and with other regional stakeholders, supported by the Commission.

The deliverables – in the form of actions plans for regions - are to promote the spread of good practice ideas in the mainstream Operational Programmes of European regional policy. But **the processes** developed are equally important, as for example the establishment of dialogue between regional authorities, experts, regional businesses and other stakeholders in each region and among regions.

Two of these networks, RAPIDE and ERIK ACTION, focus on the theme 'Bringing innovative ideas faster to the market more quickly', the last and most difficult step in the 'innovation ladder'. The work is starting now and the results are to be made available to all regions through a policy of open meetings and maintenance of websites.

I have only been able to touch upon a small number of aspects that make European regions attractive places to invest in. I hope that by doing this I have not only been able to feed your continued interest in Cohesion Policy, but above all I hope that have been able to give you an appetite. First of all of course that it is not only an appetite for the lunch that will shortly be served. More importantly an appetite for further investments in Europe.

Thank you for your attention.