

Speech of Commissioner Danuta Hübner on

**"The European Programme launch for London – focusing our efforts
on Research, Innovation and Regeneration "**

London 8 December 2008

Mr. Mayor, Minister, Ladies and Gentlemen,

This is my third visit to London and with East Midlands next April I will have completed my visits to the UK. The UK has always been a model for me. We have been able to draw extensively on your innovative approaches, particularly in financial engineering, for spreading best practice, UK best practice in fact, to other regions in Europe.

I am indeed delighted to be back in London today for the European Structural Fund Programme launch event. I am glad that this is not only a launch event for the new period but also an opportunity to celebrate the successes of the 2000-2006 programming period and to look at ways of creating, together, a lasting legacy for the people of London. This is not just about competitiveness and innovation but is a programme for London and for the people of London and the future development of your beautiful city.

This morning I visited the East of London Small Business Centre in Aldgate. I met local business people benefiting from help and advice enabling them to grow and become more competitive in an ever more demanding economic landscape. The business centre in East London is one of many examples of projects across London which have benefitted from European funding over the past 10 years. Funding which is supporting people working in SMEs to develop the managerial and leadership skills needed to adapt to changing market forces and to maximise business growth, from Southgate to Stockwell and from Wembley to West Ham.

I am convinced, and I am sure that the Mayor will agree, that through our ERDF programme will achieve more innovation, entrepreneurial support and sustainable business growth activities for the people of London.

Indeed, in these times of financial and economic turmoil, we clearly need to utilise fully and to best effect all the public resources available as well as attracting further private sources of funding.

We have already heard of the success of the Urban II programme in Stockwell. It is a programme full of lessons. Genuine partnerships born here have allowed the programme to make a positive impact on many hard to reach areas in South London. I am particularly impressed with the innovative programme managers here. They have not only ensured that the 12 EU stars were duly displayed on plaques and billboards but they also went as far as to displaying the EU emblem on the pavement outside the local tube station!

Indeed, cohesion policy is one of the EU policies that impacts most directly on the lives of Europe's citizens but we need, of course, these communication efforts to continue and to be reinforced to render this policy even more visible. In any case, I encourage you to continue this creativity and good-will will continue during the 2007-2013 programming period.

So how does London fare in the wider European arena? In 2006 member states across the Union agreed to " earmark " a certain proportion of their cohesion policy resources to the European growth, competitiveness and jobs agenda. At least 75% of the cohesion policy funding in the competitiveness objective - like London - should be concentrated on investments in key drivers of the Lisbon agenda. With an allocation of 86%, the London programme has pledged to continue with its innovative approach and allocate an impressive share for Lisbon related activities.

The programme thus commits to drive forward competitiveness and employment by focussing on innovation, knowledge transfer,

entrepreneurship, environmental sustainability and job creation. Indeed, ERDF and ESF go hand in hand here. London is at the forefront of this general trend in the cohesion policy programmes. But others are following. Indeed, the so called New Member States have quadrupled their cohesion policy investments on innovation in this period, when compared to the 2000-2006 period. In short, I think I can safely say that the new programming period will see a major shift towards research and innovation and this is good news for us all. Next year being the European year for innovation and creativity, I am sure the Mayor will agree that this provides opportunities for the London programme to show their projects to the rest of the EU. I also count on your visibility in 2009.

Let me also take this opportunity to congratulate London on the strong commitment to using JESSICA - the Joint European Support for Sustainable Investments in City Areas to fully exploit the city's potential. Using this innovative financing tool gives the programme the potential to provide innovative regeneration and environmental efficiency for the people of London. Indeed, one of the expected impacts of the programme is to increase London's capacity for co-generated and renewable energy by 20%.

I finally welcome the bold targets outlined in the Operational Programme: 4 000 new jobs, assisting 20 000 businesses. I am certain that together we can deliver these objectives. This is not a small feat and is in fact even more commendable when you consider that all of this will be created with a total investment of 382 million euros.

Let me end on an issue that touches us all, the global financial crisis and the economic slowdown. As you know, the Commission adopted on 26 November a European recovery plan where cohesion policy has a major role to play in terms of boosting investment in the "real economy". The

package introduces changes with a view to accelerate planned investment in thousands of projects, which in turn will contribute to maintaining economic activity, improving economic growth prospects, and generate a significant number of jobs.

For the cohesion policy, we have proposed to the Council several concrete actions to simplify procedures, to facilitate the use of financial engineering, to inject more liquidity into the first years of programming through additional advances in 2009 as well as extending eligibility periods. For London this would mean 4.5M€ in advances that can be invested on the ground, straight away. We have proposed to simplify the rules in general but also those surrounding the in-kind contributions to Jessica which ensures that London's concerns have been fully taken into consideration. We have also proposed to facilitate energy efficiency investments in housing. The overall proposal is with Council and should enter into force in April. We expect a positive outcome and do not have indications that the package will encounter any obstruction from the Member States.

The EU needs to get out of this crisis stronger, not weaker. The simplification is not to divert us from the road of competitiveness. Quite the contrary, the road to competitiveness goes through innovation and support to SME. We will be looking differently at enterprising activities in the future, possibly in the direction of eco-friendliness, energy efficiency and environmental technologies. I am convinced that this direction will ensure a stronger economy coming out of the crisis.

Cohesion policy is a powerful instrument of stability as it provides secure sources of financing and invests in mid and long term strategies upon which regional and local partners can rely. We are talking here about "safe money" for the regions and the cities of the EU. I strongly believe

that the legislative changes proposed will facilitate the implementation of the programmes and boost the much needed public investments in these times of financial uncertainty.

To conclude, we are entering a period risk but which should also be a period of ambition. Let us convert this into achievement and use the experiences from the past coupled with an innovative and ambitious programme vision, to create new and lasting opportunities for the people of London, for the businesses of London.

The Commission is your partner and at your disposal to make the programmes function efficiently.

Thank you for your attention and I wish you good luck for the future.