

**Speech of Commissioner Danuta Hübner on**

**"The European Programme launch for Yorkshire and The Humber –  
focusing our efforts on R&D, Innovation and Entrepreneurship"**

**Sheffield, 15 February 2008**

Minister,

Ladies and Gentlemen,

I am delighted to be here in Sheffield today to participate in the launch of the European Structural Fund Programme in Yorkshire and The Humber for the 2007-2013 period.

This is clearly a good programme. The European Regional Development Fund programme for Yorkshire and The Humber was adopted on 7 December last year and marks the concrete result of effective partnership and good collaboration between the region and the Commission over the last two years. I would like to thank the Regional Development agency - Yorkshire Forward and the Government office for Yorkshire and The Humber - for their excellent cooperation during the drafting, negotiation and adoption of the programme.

I would also like to thank minister Healey for the excellent relations we have been able to build up since you took office last summer. Indeed, I believe that you have been instrumental in ensuring that the finalization of the negotiations as well as the more operational tasks of efficient management and drawing down the funds "from Brussels" have run smoothly.

## **Programmes and the Lisbon agenda**

Moving on to a subject that is at the heart of cohesion policy – and looking at you programme from the perspective of how it can contribute to the Lisbon agenda.

With the re-launch of the Lisbon Strategy in 2005, the European Union and its Member States committed themselves to a new partnership aimed at securing sustainable growth and jobs. The Member States agreed to focus their efforts on key action areas of the Lisbon agenda - investing more in knowledge and innovation, unlocking the business potential for SMEs, greater adaptability of labour markets, renewable energy and climate change and generate sustainable jobs that will not be lost to tomorrow's emerging economies.

In this context, the Member states decided to " earmark " a certain proportion of their cohesion policy resources. Indeed, 60% of cohesion funding in the convergence regions and 75% in the competitiveness regions should be concentrated on investments in key drivers of the Lisbon agenda. These two targets have been reached at the European level. For the English programmes, I note that earmarking stands at 74% for convergence objective and 82% for the competitiveness objective. This means, to me, that the English programmes have truly taken to heart the necessity to focus on innovation, enterprises and developing a low carbon economy.

I'm also happy to see that the YH programme resources will be geared towards activities which show a strong strategic fit with the Lisbon Agenda. Indeed, I would say that Yorkshire and the Humber clearly delivers by targeting 80% of the total ERDF resource on Lisbon activities.

On the European level, we will also see a major shift in cohesion policy investments towards research and innovation: almost EUR 50 billion or 15% of the overall cohesion budget will be allocated to this type of investment. Compared to the period 2000-2006, this represents a tripling of financial resources dedicated to R&D and innovation under the "Regional Competitiveness" objectives. For the New Member States, this represents a 400% increase. Indeed, there is huge scope for exchanging ideas and good practices in these areas.

### **The Yorkshire and the Humber programme**

Now some remarks on the Yorkshire and the Humber programme. This morning, I had the opportunity to visit the "Advanced Manufacturing Park" in Rotherham which represents an excellent example of how a brown field regeneration project supported by the European Union can and has contributed to the economic development of the Region. This project has provided a suitable site to enable the development of a manufacturing cluster centred round the aerospace, automotive and metal application sectors. The cluster has drawn upon the proven strengths and expertise in metals and manufacturing in the South Yorkshire area. It also has the major advantage of integrating local SMEs into the global supply chain.

The projects I visited today show, I believe, that cohesion policy investments can make a difference in stimulating the innovation and entrepreneurial culture of a region and, in this way, strengthen competitiveness of the region. This will also strengthen social cohesion, an important aspect of your regional programme.

Indeed, an impressive 28.800 jobs are to be created as a result of our combined investments. An additional important element is that the

programme puts strong emphasis on delivering economic growth that recognises the need for a low carbon economy. Your programme is, in this, very interesting and I would like to congratulate you on this commitment which clearly shows that you are at the forefront of the European political agenda.

What I've seen today also demonstrates, in my view, added value in terms of partnership development, capacity building and also the advancement of governance. This means that national, regional and local actors are working together in broad and inclusive partnerships which I'm certain will deliver benefits for the people and the economy of Y/H.

### **Challenges and the future of the policy**

Let me continue my presentation by looking towards the future of the cohesion policy and the challenges that we have or will encounter.

As you probably know, after the biggest enlargement in EU:s history, the European Union is now clarifying its objectives and redefining its policies. In my view, globalisation has brought about new challenges and issues which – like climate change, energy, demography and migration – have come to the centre of the European debate because in the years to come they will have increasing impact on our lives.

The investment pattern fostered by the cohesion policy has been constantly changing, following the evolution in the economic environment. But this last change, brought on by the globalisation challenges I just mentioned has been, perhaps, the most profound one. This is due to the fact that in the past the main frame of reference for the regional development in the Union used to be of internal nature, leaving in a way, the dealing with external challenges to national governments

and general community policies, such as trade policy. Today we know that the cohesion policy has an important role to play, also helping regions looking at their own strengths and weaknesses. Indeed, and as your programme shows, the cohesion policy can best support growth in regions by helping them to turn into competitive players on the global market.

We all know and agree – I hope – that European cohesion policy is much more than a simple redistribution of resources between Member States. It helps the regions by investing in opportunities, in long-term strategies, in diversification and modernisation of economic structures, in modernisation of the public administration, and in the mobilisation of the private sector and the socio-economic partners. It also leverages significant public and private national investment. These are, in my view, the core elements in drawing down and profiting from the benefits of globalization but are also key to combat the more adverse effects that may arise from this phenomenon.

I intend to publish before the end of the year a report on scenarios of the socio-economic situation of the European regions at the 2020 horizon, taking into account these challenges. Already now preliminary results suggest that their impact will not be evenly distributed across the Union but will be more concentrated in particular regions. We are thus in a situation where, unfortunately, widening socio-economic disparities remain a significant factor for our development activities and strategies after the 2007-2013 period. The discussion on the future of the policy will of course need to take into consideration this crucial contextual factor.

The cohesion policy reform for 2007-2013 has already now started to adapt to this new context, focusing on e.g. “earmarking”; synergies between different levels of government; links with the Lisbon agenda.

Importantly, the reform left room to local and regional authorities to design solutions and strategies best suited to their constituencies. Thus, the role to be played by most of you, local and regional administrations, will be even more crucial in this new context. I am fully convinced that there is a significant room for further strengthening this system of **multi-level governance** that the cohesion policy has developed and improved over time.

The need for such a discussion is even more accentuated by the introduction of the concept of territorial cohesion in the new Treaty. Its provisions open up new venues in terms of distribution of responsibility between levels of government, of better consideration of territorial specificities, and of new contractual arrangements.

The recognition of territorial cohesion as the aim of the cohesion policy also calls for a structured approach to territorial issues. In other words we need to work out within the policy an approach that would encompass at the same time specific geographic characteristics (islands, peripheral areas, sparsely populated areas) and socio-economic dynamics (rural depopulation, urban deprivation) affecting EU territories at different levels. Let me also mention that the Treaty introduced a new definition of subsidiarity which clearly refers to local and regional powers.

This means that we are confronted with a new picture, which requires from the cohesion policy better knowledge and use of the potential of our territories, new concepts capturing the meaning of the territorial cohesion, reinforced co-ordination between cohesion policy and other EU and national policies and more work done on subsidiarity.

The Green Paper on Territorial Cohesion that I will publish later on this year will shed more light on our reflections in this area and, hopefully, bring the territoriality discussions forward.

To conclude, the current 2007-2013 period is a period of ambition and I hope it will be converted to achievement. In terms of your programme, I believe that YH can continue to capitalise on the successes achieved during the previous programming period. Projects such as the Advanced Manufacturing Park together with the Science City York have had a major impact on stimulating an innovation culture and on strengthening the innovation infrastructure. I am confident that the new programme will continue on this path and deliver good practice projects that you could share with other regions across the EU.

I wish you well in the months ahead as you embark on a process of delivering 4,070 new businesses and 28,800 new jobs in addition to improved commercial performance and improvements in the regional environment. Indeed, you are a permanent source of inspiration for us so please feel free to come and visit us more in Brussels to share your experiences.

Thank you for your attention.