

"Regions and cities as engines for sustainable development"

Speech of Commissioner Hübner

Green Week, 13 June 2007

Ladies and gentlemen,

Let me start by expressing my appreciation for the work of the organisers of Green Week 2007 and the choice of this year's themes.

I am responsible in the European Commission for the policy whose links with environmental concerns, challenges and opportunities are very close.

We are currently negotiating with our Member States and regions the new generation of Cohesion programmes 2007-2013 which gives us a lot of satisfaction in terms of focus and commitment.

For this coming period we have based our policy on a strategic approach which allows us to combine European priorities with the multitude of local and regional development strategies and to take into account the diversity of local aspirations, opportunities and problems.

We have also put greater emphasis on better exploitation of synergies between different policies at all levels of European governance.

In the years to come, the European cohesion and regional policy will be at the service of 27 Member States and of 268 regions, of which 70 remain below 75% of the EU average GDP per capita.

We have mainstreamed the urban initiatives into the policy which will allow us to be more effective in contributing to sustainable urban development.

We put emphasis on balanced development of urban and rural areas.

We have reformed the policy to make it better equipped in management and financial tools to respond to challenges coming with globalisation, changing demographic patterns, climate change, evolving energy markets and many others.

We have just published the 4th Cohesion Report which is the first step for the launch of the debate on the future shape of regional policy.

Europe's population is projected to start declining by around 2020. In 2005, national population growth rate was less than 0.1% and 86% of population growth was due to migration. Already today, 85 regions of the Union (mainly in the new Member States) are experiencing absolute population decline, and another 76 maintain population growth only thanks to migration. Migrants go mostly to urban areas.

Many regions throughout the Union have the economic structure largely concentrated on sectors where competition from emerging economies is higher. These are regions which need to diversify their economic structure into new, growing sectors, and modernise existing activities to move up the value chain, many regions face deep industrial restructuring.

Leading edge economic activities and talent are geographically concentrated in a few urban centres that are global players. This is creating opportunities, but also problems such as pollution, urban sprawl, congestion, and social exclusion.

Within the cities, suburbanisation is a clear trend in the Union: in 90% of the urban agglomerations with more than 100,000 inhabitants, population in the suburbs grew more than in the core city. Economic activities are starting to follow the same

decentralisation pattern. This is putting increasing pressure on the environment and causing decline of downtown areas.

There is also clear evidence that many regions throughout Europe will be increasingly confronted with the asymmetric impact of climate change as well as with new challenges in terms of energy provision and efficiency. 7% of people in the Union live in areas at high risk of flood; on the other hand around 9% of the EU population live in an area where there are over 120 days a year, on average, without rain. The combined impact of climate change will pose serious problems to tourism and agriculture in some of EU regions. In addition, these changes may have disproportionate effects on disadvantaged or low income groups – social consequences must not be ignored.

Variations in education levels are more pronounced between regions than between countries: in the less developed regions of the EU27 only 14% of population in working age had tertiary qualification in 2005 against 25% in the more developed regions.

Last, but not least, regional disparities remain very important. Despite impressive growth rates in the new Member States,

and convergence of many regions of the EU15, there are still 70 regions home to 123 million Europeans with a GDP per head below 75% of the Community average.

In addition there is a number of regions which are losing ground: in 27 regions GDP per head declined in real terms between 2000-2004.

The analysis in the report clearly shows that not only those challenges that are generated by increasing competitive pressures generated by globalisation, but also those closely linked with environment in its entire diversity have strongly asymmetric impacts across Europe.

What is also clearly coming out from the Report is that European environment will be affected by all those challenges related to globalisation pressure, energy, migration in an asymmetric way. And that requires responses at all levels of European governance.

How will the policy respond to those challenges?

It is important to see that at national level public investment over the past years has been on a declining path as budgets are confronted with the consequences of an ageing population

and economic reform leading to consolidation of public finances. At the same time, we witness a process whereby the decision and management on public investment is slowly, but steadily being decentralised to regional and local levels. Between 2000 and 2005 public expenditure at those levels has been increasing faster than GDP and total public expenditure. As a result the share of local and regional authorities in public investment increased from 25.4% to 26.8%. In some countries, such as Spain, Finland, Portugal and Denmark, in the last decade the proportion increased by 10 percentage points.

At the European level, in the strategic guidelines for cohesion policy, adopted last October by the Council, the Commission explicitly spelled out the necessity to strengthen the synergies between environment and growth. In the first of the three objectives we say that the cohesion policy will have as its priority the preservation of the environmental potential of our Member States, regions and cities.

The recommended guidelines for action include the investment in infrastructure to comply with environmental legislation in the fields of water, waste, air, nature and species protection and bio-diversity; the guidelines include the promotion of land-use

planning, the development of natural and cultural assets; the promotion of investments that contribute to the EU-Kyoto commitments; the risk prevention measures through improved management of natural resources, more targeted research and better use of ICTs, and more innovative public management policies including, for example, preventive monitoring.

Have these recommendations been followed by our partners, the national and regional authorities? My answer is yes. If we look at the priority themes identified in the draft Operational Programmes, 445 in total, transmitted by the Member States, we would appreciate how a substantial share of the Community funding has been allocated to renewable energy: wind, solar, biomass, hydroelectric and geothermal; and energy efficiency; or "environment protection and risk prevention": waste management; air quality; pollution control; adaptation to climate change; promotion of biodiversity; clean urban transport; risk prevention. More than 50 billion euros altogether.

We have worked with regions and cities, as well as other stakeholders, to better identify their needs in this area and the best and most efficient means to address them.

In addition to this, specific initiatives have been launched to promote the cooperation among cities and regions. Let me mention in this context the initiative called "Regions for Economic Change" which consists in networks of regions and cities focusing on exchange of best practice in the modernisation of European economy.

Among the themes chosen there are some that have direct relevance for environment, with a specific focus on cities: for instance, in "*Re-using brownfield and waste disposal sites*". We have huge experience in Europe's cities on reusing abandoned urban industrial, military or port sites; another example is the network "*Integrated policies on urban transport*", where cities will aim to improve quality of life of citizens through providing high quality public transport and better management of traffic.

In total, there are 10 themes of "Regions for Economic Change" related to environment: improving air quality; moving to a low carbon economy; improving quality of water supply and treatment; moving to a recycling society; managing coastal zones; re-using brownfield and waste disposal sites; preventing and reducing floods; integrated policies on urban transport;

sustainable and energy-efficient housing stock and global monitoring of environment and security

I strongly believe that the value added of the regional policy lies also in the integrated approach to development, with which cohesion policy can improve the overall impact of sectorial interventions by exploiting synergies between policy domains and controlling for their side effects, by favouring dialogue between administrations and social and economic partners, and by better adapting interventions to the socio-economic characteristics of regions and cities.

This approach is actually present in our urban development policy.

In the renewed cohesion policy for 2007-2013 cities will play a key role since they are crucial in shaping the European economy. Cities and urban areas are home to most jobs, businesses and higher education institutions (60% of EU population is living in cities with more than 5000 inhabitants). So, their role will further grow because the major drivers for growth and competitiveness are located within cities.

This is the reason why we have reinforced the urban dimension in the new generation of cohesion programmes. We need cities

and entire urban areas in good shape, wisely using their resources, especially land and caring for them in innovative and sustainable way. I believe that urban areas are those where the battle for healthy environment is still to be won.

During my trips across Europe, I have had a first-hand experience of the variety of initiatives, from very simple concepts to more ambitious projects, which have been generated at local level in the environmental or environment-related areas.

It is also a good news for us to notice how direct environmental investments, and namely those related to water, waste and contaminated sites, air quality and climate change, nature protection and risk prevention, will increase in the new programming period. We can estimate an increase of the allocations to these direct investments from 5% (of 2000-2006) to 15% (for 2007-2013) of the total of the structural and cohesion funds. At the same time, indirect investments (e.g. those related to energy efficiency, renewable energy, sustainable transport systems such as railways, waterways and clean urban transport) are expected to increase from 17% to 30%.

In conclusion, let me say:

- firstly, Cohesion Policy programmes are drafted by the Member States and their regions through a partnership with all relevant actors, including the environmental NGOs. These programmes are also for the first time subject to a strategic environmental assessment in compliance with EU directives. As you know, one of the essential features of Cohesion Policy is that expenditure for any project is ineligible where it is found in non-compliance with EU directives on the environment;
- secondly, Community funding for the environment does contribute to sustainable development, but is not able to cover all the needs. In this context, Member States have a great responsibility in pursuing their sustainable agenda;
- thirdly, although the investment in the environment sector will increase substantially, it is essential that the amounts allocated to environmental priorities are actually invested. This requires proper administrative and project management capabilities. It is not only funds that matter but the awareness raising that comes with European policy.

- finally, the environmental NGOs, have been in the past, and continue to be valuable partners to the Commission in the design and implementation of the policy.

Environment does represent a priority for regional policy, and we have to invest to build up a system that allows efficient monitoring of the way the environmental concerns are addressed. But this is a joint effort for us all.

Thank you for your attention.