

Europe responding to global challenges
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Ladies and Gentlemen,

Let me thank you for your invitation to speak to you at the annual TEFAF Business Meeting. This very special place, located in the historical heart of European integration, is like no other in Europe. Only a few weeks ago you celebrated the 15th anniversary of the Treaty of Maastricht: A Treaty that gave us the Euro and European citizenship and still stands as one of the major milestones of European integration. Being here also gives us hope for the future of the European project! Limburg is one of the first European regions to become involved in cross-border cooperation. Together with its neighbours from Germany and Belgium, this Province was a pioneer for European cross-border cooperation. You can be proud of being at the heart of Europe.

This is a very special month for European integration. In less than two weeks we will celebrate not only the 50th anniversary of the signature of the Treaty of Rome. On that occasion we will also adopt the Berlin Declaration. Political leaders from the 27 Member States, the European Parliament and the Commission will come together in Berlin on 24 March to sign a declaration which will look forward to the next steps of our European project. This Declaration should help Member States to resolve the problems that followed from the rejection of the Treaty establishing a Constitution for Europe by voters in France and the Netherlands. This was discussed by our leaders over dinner yesterday evening and I hope that the Declaration will indeed present a vision of the Europe that we want and that it will take us closer to a new Treaty.

It is still too early to know what new Treaty will emerge from the discussions between the Member States. What is important at this stage, however, is that all Governments play a constructive and creative role in the process. I am sure that the Netherlands will not disappoint us in this regard. It is also sure that Europe cannot afford another failure.

The need for a new Treaty is even clearer today than it was in 2002-2004. We need a new Treaty so that the Union can confront the challenges of the 21st century. We have to be better equipped to address successfully what globalisation brings, to enhance political solidarity among member states and to guarantee security for our citizens. For this, we need a Union with common policies in all those areas where there is clear European value added, a Union of values and of involved and empowered citizens, which is globally relevant, open, and efficient. It is healthy to remind ourselves from time to time that in today's world we cannot switch off globalisation. Even as EU we are quite small; representing only 7% of the world population and 30% of its GDP. We can only address today's challenges if we stick together.

These challenges are very real and very urgent! In this context, your choice of central theme for this conference - "New Energy", one more challenge in a united Europe – could not be more appropriate.

While we are meeting here in Maastricht our Heads of State and Government have gathered in Brussels to put in place an integrated Energy Policy for Europe. This is only the beginning of a process. The challenges facing us in the fields of energy, economy, technology and the environment are enormous:

- According to the International Energy Agency, world energy demand is set to increase by more than 50% by 2030. Our dependence on imported gas and oil is growing. Today we import 50% of our energy. By

2030, if we do not act, it will be 65%. If oil prices increased to 100\$ per barrel by 2030 (March 2007: 62\$), the EU's annual energy import bill would increase by some 170 billion Euros.

- The increase in energy consumption is not just a threat to the economy. It also has serious consequences for climate change. On present trends, the world's output of CO₂ will increase by 55% by 2030. This will have a tremendous impact on the environment and on our way of life. It will also leave a legacy to our children and grandchildren and raises serious questions in terms of the solidarity with next generations. The CO₂ that we emit today stays in the atmosphere for 100 years!

- The Internal Electricity and Gas Market - a vital element in ensuring competitive energy prices for Europe's businesses and citizens, is not yet performing as it should. This threatens Europe's competitiveness, prevents the emissions trading mechanism from working effectively, and threatens our security of supply. Without effective competition the proper investment signals do not develop - alarming signals which are vital at a time when existing European infrastructure and electricity plants are reaching the end of their useful life. An investment of €900 billion is needed in the EU over the next 25 years.

These are only a few examples that underline the need for a new European Energy Policy. This is the reason why the European Commission tabled on 10 January 2007 the most wide-ranging reform package of the Union's energy and climate policy in its history. Our package comprises the following elements:

First, proposals on key climate change targets: a 30% cut in greenhouse gas emissions by 2020 for developed countries and an EU commitment to reduce

EU greenhouse emissions on its own by at least 20%. These represent the most ambitious commitments ever made to tackle climate change.

Second, measures to show that Europe is serious about these targets.

- Savings in terms of energy consumption of 20% by 2020. This could save 100 billion euros and some 780 million tonnes of CO₂ a year.
- A 20% share of renewable energy and a target of 10% for bio fuels by 2020. These targets should be binding, for the success and credibility of our policy. Of course, national targets to achieve this must reflect national circumstances. But there must be a collective effort. We should not forget the opportunity that this market brings. It is a 20 billion Euro business which could create an estimated 300.000 jobs. It is also important to bring the possibilities of nuclear energy, back into the debate.
- A more effective single market, through clearer separation of energy production from energy transport and distribution, providing greater consumer choice and more investment. And through independent regulators acting effectively in the European interest.
- A strategy for clean coal – a cheap hydrocarbon which remains plentiful in Europe, but which is highly polluting. That means support to establish up to 12 sustainable fossil fuel plants by 2015, and a mandate to the Commission to look at the feasibility of introducing carbon capture and storage by 2020.

- A coherent external energy strategy. If we are to have credibility with third countries we need to have solidarity among our Member States. We have to have a single voice when we talk with our international partners.

We in the Commission hope that the vast majority of our proposals will be adopted today by our leaders at the Spring Council. The EU needs to continue to show world leadership in this area.

The EU's regional policy for which I am responsible will make an important contribution to developing a new European energy policy. The Community Strategic Guidelines for regional policy set out three priorities for investment in the area of energy:

- Support for projects to improve energy efficiency and for the dissemination of low energy intensity development models to reduce traditional energy dependency and to contribute to security of energy supply
- Development of renewable and alternative technologies (wind, solar, biomass) which can give the EU a leading edge and thus strengthen its competitive position
- Investments in the completion of interconnections, with special emphasis on the Trans-European networks, the improvement of electricity grids and the completion and improvement of gas transmission and distribution.

Regional policy is thus a key part of the strategy for ensuring that Member States and regions step up investment in the area of energy.

Let me turn to the second item of my speech: As you know, the Spring Council is also our annual event to take stock of progress with the renewed Lisbon strategy for growth and jobs. The Lisbon Agenda is very similar to what you call the "Acceleration Agenda" in Limburg. Two years ago, when we launched the renewed Lisbon agenda, the EU's economy was stagnating.

Today, our joint efforts show results. GDP has grown by 2.9 % in 2006, with figures close to this also predicted for 2007. The latest Innovation Scoreboard shows the gap with the US beginning to close. The Union created three million jobs in 2006. Unemployment is down to around 7.5 % which, while still too high, is the lowest figure in more than a decade. We have withstood the external shock of rising energy prices without runaway inflation.

We must take advantage of this favourable situation. We must not relax our efforts. The European Union can become a world leader in the field of innovation. European business has already produced an impressive crop of world-class companies. Recent analyses show that Europe has 29% of the world's leading 2 000 companies, broadly in line with its 30% share of world GDP. The European innovation scoreboard for 2006 published last month shows that the innovation gap between Europe and the US has been decreasing since 2002 and is now roughly half what it was then. Out of 6 innovation leaders, 4 are situated in the EU - Sweden, Finland, Denmark and Germany.

This approach reflects the growing consensus that regions are the primary level at which knowledge is circulated and transferred, local innovation systems built and where the competition to attract investments takes place. It

also highlights the fact that the frame of reference for regional development and for European regional policy is global. The reason for this is that to be commercially successful innovations need to be internationally competitive and traded around the world.

Ladies and gentlemen,

Limburg and its neighbouring regions are good examples of innovation being at the core of regional development and of bringing Lisbon to the ground. Limburg is the "*spider in the web*" of some highly successful cross-border programmes, involving the authorities of your German, Flemish and Walloon neighbours, but also business and academia from those regions. Limburg is located in the heart of a genuine European innovation and research & development area, delimited by Eindhoven, Leuven, Liege and Aachen. It contains an important network of research centres, numerous high-tech companies, in particular among the small and medium-sized enterprises, congress centres, and universities like Maastricht, Aachen, Liege and Hasselt.

Limburg can be proud of what it has achieved so far. But this also sets the standard for the future. I am sure you will not disappoint us. In fact, your proposal for the 2007-2013 Regional Programme under the European Regional Development Fund demonstrates a clear commitment to innovation, to the setting up and expansion of clusters and of networks between research institutes and businesses. 67% of this programme will be earmarked for these types of "Lisbon expenditure" and this is the highest rate of the four programmes which the Netherlands has presented to the Commission. All of this sits perfectly well with Limburg's Strategic "*Acceleration Agenda*" for 2012!

Ladies and gentlemen,

Regions and cities are making an important contribution to economic modernisation and the achievement of the Lisbon objectives.

The EU's regional policy is designed in such a way that we are taking Lisbon down to the ground, involving people in the design and implementation of development strategies and projects for their region or city. European regional policy is a method of implementing policies through decentralisation and empowerment of citizens, a method of working in partnerships between European, national, regional and local actors. People can easily see the concrete benefits of this policy in their region and in everyday life.

We must invest more in the quality of new forms of multilevel governance based on partnerships whose legitimacy comes from shared responsibility and shared ownership. As the European reality is increasingly being created on the ground, we must draw on the capacities of all those who are able and willing to get involved in creating public value and employ their expertise where it is most appropriate.

We can look back with pride in our achievements. We must now look forward to the next seven years with determination and optimism and we must aim high. I am confident that you will live up to my expectations!

Thank you for your attention!