

# **How to make Europe's Regions and Cities more attractive?**

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Ladies and Gentlemen,

First of all, I would like to express my warmest thanks and my highest appreciation to all of you who have contributed to this immensely fruitful event. You have worked very hard to make the 2006 OPEN DAYS a success. I have been struck by the energy and enthusiasm with which you have approached our activities this week. I am sure you agree with me that it has been worth the effort. I also hope that many of you benefited from the events.

In the course of this week dedicated to Europe's regions and cities, we had an intensive exchange of views on how to stimulate regional and urban development with a view to improve the quality of life of our citizens and make Europe better poised to compete and cooperate globally. We have

spoken at length of our common agenda to create high quality jobs, to promote partnership between the private and public sector and to improve good governance which becomes a multilateral governance for more and more areas relevant to our future.

And we all agreed that there cannot be a 'one size fits all' solution since our regions and cities have different strengths and weaknesses. One thing has been, however, clear through all our discussions: we need to focus on innovation so that Europe's economy can move up the value chain. Making Europe's regions more competitive and attractive places to live and invest in means making them more innovative.

In the world of today innovation and economic modernisation will not become a fact of life without a bottom-up approach. Most of the resources essential for innovation – technology centres, research institutes, innovative SMEs, bodies providing financing - can be found within the region. It is also there that indispensable local knowledge and expertise can be mobilised allowing for full exploitation of growth and change potential. Proximity of partners matters, it creates confidence and efficiency. Short distances make the regional level appropriate for stimulating interaction between the producers, users and mediators of innovation, for gearing all these resources towards the objective of creating an innovative regional economy. In doing

so, regions can also make use of a wide range of powers, both regulatory and expenditure-based.

Through all our meetings it has been clear that in order to increase our competitiveness, we need to concentrate our resources on enterprise development, human capital, research and innovation, including information communication technologies. This does not exclude the continuation of support in developing basic economic infrastructures in order to link up some of our regions with the rest of the Union and the rest of the world. The regions of Europe are in different stages of economic modernisation that, of course, influences their attractiveness for investors.

How our regional policy fits into this?

The Union's regional policy is particularly suited to promoting an economic model for Europe based on innovation. One of its key advantages is the culture of governance which implies both the enforcement of institutional capacity and the transfer of good practice. This is important in countries with weak administrative systems and low levels of social dialogue. Effective partnership contributes to this process and adds value to the policy interventions. In programme design it helps to tailor investment strategies to the needs of the region or particular target groups and it facilitates consensual decision-making between partners. It also mobilizes the best of

the local knowledge and stimulates innovative ideas for projects which otherwise would not have materialized.

I am particularly convinced of the importance of encouraging clusters and this year's OPEN DAYS confirmed it to all of us. By bringing together partners from business, the public sector and research institutions, clusters create a favourable environment for generating new ideas and business activities, creating innovative products, technologies and services. Clusters generate synergies which bring a value added and which would not be possible when working independently. Enterprises can benefit from research findings and produce innovative products while researchers can convert their findings into marketable products while getting feedback from the marketplace that can help stimulate further innovation.

I consider supporting innovation and change in 2007-2013 a key task of our new regional policy. We want to help the regions learn from existing clusters, and to promote their development, by offering an adequate institutional framework and financial instruments. This year's OPEN DAYS have shown more than ever before the enthusiasm in the regions and the genuine will of the economic and social partners to work together. I was extremely pleased to see major ICT companies focussing today more and more on working with partners at the local and regional level. The European Commission and DG Regio in particular have been working on a number of new ideas for the future.

First, in order to create a greater leverage effect from public funds, to tap other areas of expertise, and to produce greater incentives for success, I have developed new cooperation agreements with the international European financial institutions under the headings of Jeremie for SME development and Jessica for urban regeneration.

Second, I intend to promote more networking linked to the promotion of innovation and economic modernisation. The *Regions for Economic Change initiative* soon to be adopted by the Commission will create joint networks of regions and cities that would work on the number of themes related to economic modernisation. The initiative will enforce the partnership and exchange of best practice results across European regions, contributing to increased efficiency of our interventions.

Ladies and gentlemen,

A year ago we met in a period of uncertainty. The situation is much better now: we have a stable budget for 7 years and the entire regulatory framework underpinning the Structural Funds for the next programming period is in place. Strategic priorities have been also adopted by the Council.

This doesn't mean that all the work is done. On the contrary: the ball is now in the court of the Member States and regions to prepare and submit their

programmes. I expect around 400 programmes representing a €500 billion investment effort (i.e. €350 billion of Community support and a further €150 billion of investment from national public and private sources) to be ambitious and to respond to our call to redouble our efforts to bring about economic modernisation and to do it in a sustainable way. I can reassure you that we will do our best to examine and approve them as quickly as possible. I am confident that all of our programmes will be up and running when we will meet for the next OPEN DAYS in 2007.

Thank you very much for your attention.