

**Speech by Danuta Hübner, European Commissioner for Regional
Policy at the North West Annual Conference 2006**

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**THE FUTURE OF EU REGIONAL POLICY AND ITS IMPACT ON THE
NORTH WEST OF ENGLAND – MAKING A DIFFERENCE"**

The North West has a strong record in implementing regional policy and a good basis on which to build for the future programming period 2007-2013. Two points are important here: first the essential contribution of regional policy to the broader strategy of promotion of growth and jobs in the EU; and the need for full partnership of all stakeholders in the design and implementation of future activities. In this context, the Regional Economic Strategy of the North West is a sound basis for future work. Beyond this, much remains to be done to ensure that activities can begin as soon as possible in 2007; and to ensure that future programmes bring maximum value-added with a clear commitment to business development and innovation, while ensuring inclusive development of deprived areas, and support for infrastructure where this is necessary.

Thank you for this opportunity to address your conference. It is a privilege for me to visit the North West of England again. Indeed my first trip to the UK as Commissioner for regional policy was to Manchester. This is an area where programme partners have always shown a strong engagement with Cohesion Policy, and have played a constructive role in the development and implementation of our regional policy instruments over the years. I have already had the pleasure of meeting a number of you and I am looking forward to meeting more of you later today, and indeed in the years to come. This is a good moment both to take stock and to look forward to the future of this policy.

I should also say that it is my first time in Warrington and this is also a pleasure. A check on the internet quickly revealed to me that this town was already an industrial centre in Roman times, and that the infrastructure which the town provided over the River Mersey has played

a key role in the history and development of the area. You clearly have long experience with activities which are relevant to regional policy!

My intention in this speech today is to comment on how Regional Policy can "Make a Difference". And so an obvious place to start is to comment briefly on what you have already achieved in implementing EU regional policy. On this front, the North West of England clearly has many examples of success stories to tell. These successes cover the whole range of activities – from the provision of new infrastructure, through business support in its various forms, to urban renewal and community development. Indeed in England in general there is a wealth of success stories, not least in the area of financial engineering, and area where, as you know, the Commission has developed new instruments with the European Investment Bank and the European Bank for Reconstruction and Development to combine grants with competitive loans to micro and medium enterprises.

The skylines of Liverpool and Manchester are both changing as result of your efforts. Later today I will have the opportunity see this for myself in the Liverpool docklands and in the John Lennon regional airport. You have also multiplied sources of support for businesses and for SMEs, and are promoting the wider availability of risk capital. Other projects are fostering productive links between your universities - which already have a reputation for excellence and in which your regions is very rich - and business. Indeed earlier this morning, I heard of encouraging activities of Cumbria in this area. And there are also projects focussing on the construction of business parks and innovation and incubation hubs, the pursuit of community economic development and social enterprise, award-winning projects in the field of waste disposal and environmental services all bear witness to past and present achievements.

So, your record is extremely good. Working together in a spirit of mutual confidence, you have already made a difference And I could go on showing how regional policy has contributed to the economic revival and to confidence in the North West. But the need for us today is to turn to the challenges which lie ahead of us in the period from 2007. Clearly there remains much to do.

As you know, growth and jobs are at the top of the agenda of the European Union. In the last year we have re-launched our efforts in these areas. Despite the recent emergence of higher economic growth, Europe is increasingly confronted with intensified competition from dynamic emerging economies. We are also confronted with the fact that our populations are ageing, and with the implications of this for regions some of which are gradually being abandoned by their young people. As I have just mentioned universities and good education will be essential to prevent this happening. And we must deal with the fact that energy prices have increased dramatically in the last year and may remain high for some time – and this will be the case regardless of decisions on nuclear energy which I know are currently on-going in the UK. It is more necessary than ever to continue our efforts in order to ensure growth and higher quality jobs in the future.

And I want to stress this message because I am convinced that European Regional policy, more than ever before, has a key role to play in furthering our growth and jobs ambitions. How can we do it?

We already have a decision on the overall budget for regional policy in 2007 to 2013. This was voted by the European Parliament in May. The regulations are also practically in place – the Council will decide on them today and they will be published in the Official Journal on 20 July. The Community Strategic Guidelines on Cohesion Policy in Support of Growth and Jobs, following a public consultation of all stakeholders, will

also be adopted in Brussels this week. I would like to share with you two key messages that have remained constant in these discussions over the last year.

First, regional policy and the regions have a vital role to play in triggering an array of solutions to the growth and jobs challenges. It is increasingly evident that many of the key drivers of increased competitiveness – research, knowledge, innovation processes, responsiveness to markets and technological change, support for small and medium-sized enterprises – are better understood and more quickly set in motion at local level. This recognition of the regional dimension has two important aspects. On the one hand, regional policy is a key instrument for the European Union to achieve its objectives of growth and job creation. Regional policy has become a central element of the Lisbon Strategy. And on the other hand, to ensure that this central role of the regions is fully exploited, we must strengthen the strategic dimension of cohesion policy and ensure that Community priorities are better integrated into national and regional development programmes. We must strengthen the capacity of regions to deliver this agenda.

This process is well under way. There will be a close articulation between the Strategic Guidelines, which I have just mentioned, and the National Reform Programmes which each Member State has produced as part of the ‘Lisbon process’, and these guidelines will provide the overall policy framework for National Strategic Reference Frameworks, and the operational programmes that will derive from them. I will come back to this point later.

A second issue which has remained constant in our discussions on the strategic guidelines, and which is extremely important for the future, is ‘partnership’. And this is essential for two reasons. First, the knowledge which exists at regional and local level is essential for drawing up

development strategies. The stakeholders at these levels have an essential role to play in identifying problems and appropriate solutions. They of course also have a central role to play in implementation of these strategies, and for this to be done effectively there must be ownership of cohesion policy on the ground. Partnership is necessary to ensure that this ownership exists. The Commission has invested substantially in the partnership principle, and indeed it is a mandatory principle in the regulations. Within a specific Merseyside context, and following comments made by sub-regional partnerships during the consultation on the National Strategic Reference Programme, the Commission has written to the UK authorities to remind them of the need for sub-regional partners to be involved in all stages of preparation, implementation and follow-up of programme performance. Only in this way can the partnership principle be respected in letter and in spirit.

So what does this mean for you in the North West of England?

Planning and negotiation of the new programmes is taking place under the revitalised mandate that I have just outlined to you. And I am pleased to see that the ambitious aims of the growth and jobs agenda are largely reflected in your own Regional Economic Strategy. I also welcome the fact that this strategy is the product of an intense partnership working at regional level. Translating these excellent intentions into reality is now the key challenge, and there are several points which I would like to make.

The first concerns timing. There is a long list of things to be done in the coming months so that the programmes are ready to be implemented from the beginning of 2007. My services in DG Regional Policy are working intensely with the UK authorities on the finalisation of the National Strategic Reference Framework. This framework will contain the key decisions on how programmes will be implemented and on what

budget will be allocated to which region. It is essential that we get these decisions right, and it is also essential that the decisions are taken soon. I know that much of your planning depends on these decisions. I am therefore particularly grateful that, even in the absence of these decisions, the North West regional partners are already taking steps to accelerate the programming process so that implementation can start as soon as possible in 2007.

The second point I want to make concerns 'focus'. Put simply, reduced budgetary resources for competitiveness regions - less than you have had in the past, and less than you would wish for the future - brings an additional challenge : programme priorities have to be defined in such a way as to maximise sustainable returns in growth and jobs here in the North West. This was the message of the European Council of last December. It agreed to set targets under both Convergence and Competitiveness for expenditure to contribute to the Growth and Jobs agenda, at least 60% in Convergence areas and 75% in Competitiveness which is your case. And you of course know best where valued added is going to be highest.

The third closely related point is on content. What does this focus mean in terms of what you do on the ground? Here I want to emphasise that the thread running through our approach to Regional Policy and to funding instruments must be a more visible commitment to business and to innovation. This commitment can be made in many ways - innovation of processes and products, leveraging in your top-notch universities and providing the financial support and technical assistance to enable them to work more closely with businesses, encouraging entrepreneurship, improving access to and use of information and communication technologies. All this needs to be underpinned by further improvement of vocational and in-job skills, and support to the adaptability of workers and of enterprises.

My fourth point is that we must never forget the issue of sustainable and inclusive development. While there are poles of excellence and opportunity in this region – I have already referred to your successful universities, to the improvements you have made to infrastructures and to support services for business - we know only too well that there are pools of hardship, multiple deprivation and lack of opportunity in many urban and rural areas. It is for this reason that the Strategic Guidelines and regulatory framework contain important provisions for urban and rural development. This is an area where, across the European Union, we need innovative thinking that can pave the way for improvements in the quality of life and opportunity in these areas. And I look forward to the contribution that the North West will make here.

In summary, because of the reduced amounts of funds available, your programme will need to fix ambitious targets that focus on growth, jobs, and on boosting the competitiveness and improving the quality of life of the North West. We will make a difference by adopting clear strategy and feasible objectives. These will need to be based on wide consultation, and established through thorough socio-economic analysis and sound assessment of opportunities and threats in the region.

I have already commended you on the work you have done in terms of identifying the way forward for the North West of England, notably the Regional Economic Strategy. I commend you also on the inclusive way in which the different stakeholders, public, private, the voluntary sector and others, have worked together in agreeing strategy and priorities for action. This co-operation has to continue during the preparation and implementation of future Regional Policy programmes in this region. Partnership is not an empty expression but a serious pre-condition for achieving successful implementation of our programmes in such a way as to maximise visible and sustainable returns in terms of growth and jobs. And I want to add one important concluding point here. I have put

much stress today on competitiveness and innovation. This is necessary, but I am also very aware of the need for continued support to infrastructure in some regions. I am sure we can find the right balance of these things in the future.

I have made frequent references to making a difference here in this region. I am convinced that you already have made a substantial difference in the North West of England. Your involvement and your commitment convince me that you will continue making a difference. In the period 2007 to 2013 we have a significant opportunity to improve further the competitiveness of the North West in global terms and to narrow even further the performance differential between the North West and more prosperous regions in the United Kingdom and mainland Europe.

Thank you once again for this kind invitation.