

RETHINK EUROPE - CREATE THE EUROPE OF TOMORROW TOGETHER

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**IMPULSE SPEECH BY JIRI BURIANEK, SECRETARY GENERAL OF
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THE FUTURE OF THE REGIONS

Dear colleagues, Ladies and gentleman,

- You heard before from the Chairwoman of the SEDEC Commission of the European Committee of the Regions Ms Yoomi Renström that Europe is facing a threefold crisis: in leadership, in solidarity and in innovation. I of course fully support Ms Renström's words and I will build my intervention on her statements. In fact the regions are facing the same triple crisis.

- I will show you that regions can become the key drivers and actors to overcome these crisis.

Regions to restore trust between EU and citizens

- I would like to start by sharing with you two evidence-based pieces of information: First; the perception of Europe by the EU citizens and the level of trust citizens have in Europe are dramatic. 53% of the Europeans feel that their voice doesn't count in the EU and all convinced Europeans, and in particular the EU-institutions need to join forces to strengthen the European message so that it can be heard.

- Second, according to the citizens, mayors are the politicians who benefit from the most credibility in the EU; a credibility rate of more than 70% in some countries
- Jacques Delors when he founded the European Committee of the Regions already acknowledged it: firstly the CoR is the link of the EU to the citizens; secondly via the CoR and its 700 elected representatives from the local and regional level citizens have a say over EU legislation, 70% of the law being implemented at local and regional level; and thirdly the CoR provides a meeting place where regions and cities can share best practice and take part in dialogue with the European Union
- These are our strengths: Democratic legitimacy and credibility and local know-how through the proximity to the local and regional political agenda
- In terms of communication to the citizens, the CoR is a small but it applies two key principles in innovation: we create a strong interactive customer interface with our Members and interlink with existing bigger infrastructures, notably these of the European Commission, the European Parliament and the Council Secretariat in order to create a mutual access to networks and therefore multiplying effects
- Regions and cities have a key role to play in restoring trust between the European Union and the citizens in this time of troubled water for the European projects.

Solidarity and regions

- As also mentioned by Ms Reström, there is a lack of solidarity in Europe. Cohesion policy is the backbone of solidarity in Europe with 1/3 of the EU budget (351 billion EUR) which aims at reducing disparities in the EU while encouraging regional development with public investment.
- Cohesion policy is being challenged.
- **Firstly**, the outcome of the referendum on the Brexit has shown a strong regional divide reflecting the regional disparities in the UK. We can learn from this lesson that in other EU-Member States, there is still a lot of work to be done for cohesion policy in order not to put at risk the European project.

- **Secondly, cohesion policy is being challenged on its efficiency:**

There are growing regional disparities in Europe. As you can see on this slide, many regions would virtually change their eligibility status if the most recent GDP figures would be taken into account. In particular in UK, Spain and France many regions have lost GDP and became poorer. In contrast in Poland, Czech Republic and Estonia show a more positive development. Regions "dropped" in their performance particularly in EU 15 Member States.

- In the EU, about **60% of public investment is implemented by regions** which are the drivers of economic development. Regions and cities invest in infrastructure, transport, education, vocational training, research and innovation, environment, healthcare, social services, and so on. These investments play a crucial part in setting the conditions for long-term, sustainable and inclusive growth.

- The financial and the public debt crises have had a strong impact on Europe's cities and regions. While their ability of investing has been reduced by more than 20% in the last 3-4 years the expenditure for social policy measures has increased with a similar rate. This led to a significant investment gap compared to the pre-crisis levels

- Governance also varies quite a lot from one region to the other as shows this slide that aggregates data about corruption in the public sector as it is perceived by citizens as well as evidence-based

- The European Committee of the Regions has been working for many years to **further develop and strengthen cohesion policy in Europe** and acknowledges despite these challenges that cohesion policy deliver tangible results:

- In 2007-2013, **1 EURO** of Cohesion Policy investment during 2007-2013 will generate **2,74 EURO of additional GDP** by 2023
- **345.5 billion EURO** invested in 2007-2013 will have an estimated return of nearly **1 trillion EURO** by 2023
- **1 million jobs** created during 2007-2013 represents **1/3 of all job creation** during that period
- Of the **20 best performing regions** are: 5 Romanian, Latvian, Estonia, Lithuania, Luxembourg, 5 Polish, 2 British, 2 Slovenian, 1 Bulgarian and 1 German region

- In order to fill the investment gap, **the Juncker Commission made investment a key priority with the launch of its Investment Plan for Europe** and the European Fund for Strategic Investments (EFSI), In

June 2016, the EIB Group had approved more than 260 transactions under EFSI. If signed, these transactions will receive financing totaling EUR 17.7 billion based on the EU budget guarantee. These operations are expected to trigger total investments of round about EUR 107 billion in 26 of 28 EU countries. The mid-term review of the Investment Plan which was presented last week by the Commission foresees a prolongation of then instrument until 2020 and a doubling of its financial capacity.

- We think it is time to have a global view on investment for the EU and to make European Structural and Investments Funds (ESIF) and European Fund for Strategic Investments (EFSI) compatible with each other where public investment meets private investment).

Regions and cities as innovators

Ms Reström mentioned that there is persistent innovation weakness in Europe.

- It is true: Data clearly reveal that there are many divides in Europe's territories

- A **digital divide** between urban, peri-urban and rural areas,
- A **productivity divide**, roughly between north and south
- And an **innovation divide** between research and industrial clusters and the rest.

- The large disparities between EU Member States and regions in the field of innovation and research have even increased since 2008. At regional level, only one in ten regions in the EU have reached the Europe 2020 target of at least 3% of GDP allocated to research and innovation.

- But there again regions and cities can make the difference: Urban areas are drivers for growth and innovation

- The CoR strongly supports an Urban Agenda for the European Union since it can further help urban areas to foster innovation and to create jobs. The EU legislator needs to take into account the urban dimension in all EU-policies. This will ensure a better coordination between key actors and help developing concrete urban solutions for cities through

improved strategies, better funding mechanisms and better exchange of good practices.

- The main instruments for an EU Urban Agenda were set up during the CoR Forum on the EU Urban Agenda in May 2016: Urban partnerships were put in place and progress monitoring will take place on a regular basis

- Let me finish by mentioning that human capital is also driver for innovation. More particularly young people are the wealth of our regions and cities.

- Youth unemployment in the EU is still very worrying. But regions who invest in innovative start-ups are also valorizing our human capital. I can report from the Anwendungszentrum Oberpfaffenhoffen that manages the Business Incubators Center of the European Space Agency in Bavaria. The outputs are clear: from the 105 start-ups incubated:

- 1300 high tech jobs were created
- More than 100 million EUR total annual turnover of start-ups
- **89% survival rate after 5 years!**

- To conclude: Regions represent the diversity and unity of the European Union. They have very different development challenge to face which can only be approached in a tailor made way. We call this a territorial approach – other might call this subsidiarity.

- It might seem that the word of "a Europe of the regions" is a slogan from the past. I think in the contrary that it is more modern than ever.

Regions are key contributors for the future of Europe

Regions are drivers of social cohesion

Regions are drivers for investment

- Regions have to be actively involved in policy making and multi-level-governance in the EU especially in view of the challenges the EU is facing. The European Committee of the Regions stands ready to play an active role.

Thank you for your attention.