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Urban areas, drivers of growth and jobs

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

5th European Summit of Regions and Cities

Copenhagen, 22 March 2012

Madam President of the Committee of the Regions, dear Mercedes Bresso,
Mister Mayor of Copenhagen and President of Eurocities, dear Frank Jensen,
Madam Chairperson of the capital region of Denmark, dear Vibeke Storm Rasmussen,

Ladies and gentlemen,

Dear friends,

It is a pleasure for me to be again in Copenhagen and have the opportunity to discuss with such a distinguished audience the key role of European urban areas in contributing to our growth and jobs agenda, as well as the vital importance of economic, social and territorial cohesion for the future of Europe.

As you know, building conditions for economic growth, boosting jobs creation and promoting fairness and social justice in Europe is at the core of the European Commission's work.

From the very beginning of this crisis, we have always said that fiscal consolidation must go hand in hand with a long-term vision of a stable, competitive European economy which delivers sustainable and inclusive growth. We are for growth. Growth is the answer, but not any kind of growth. We have seen what happens when we have some kind of artificial growth - growth that is generated by irresponsible financial behaviour or by very high levels of public debt. We need sustainable growth (sustainable from a financial point of view, but also from an environmental point of view) and we need inclusive growth (it means growth that does not leave a great part of our population behind).

Indeed if Europe is to emerge stronger from this crisis, we need more than ever to lay firm foundations for a lasting economic recovery.

And if Europe is to emerge stronger from the crisis, we need more than ever to stimulate smart and green economic growth, underpinned by knowledge and innovation as its key drivers.

We also want Europe to emerge more united from this crisis, this means that more than ever we need to focus on policies that give a chance to everyone to develop one's skills and live in dignity.

And if we are really serious when we speak of a stronger and more united Europe, more than ever we have to display a strong sense of collective determination to act and succeed together; and to reinforce our strengths in a global world.

Obviously, urban areas have a vital role to play in this process. So let me congratulate the Committee of Regions for having organised, in cooperation with the city of Copenhagen and the Capital Region of Denmark, the 5th European Summit of Regions and Cities, here in Denmark where more than 85% of the population live in urban areas. Such a figure is in itself an excellent illustration of the challenges and opportunities ahead. Copenhagen is itself an excellent example of how a city authority can get the most out of the social and technological innovation to create opportunities and well-being for its citizens. Let me once again congratulate you, namely for the new ambitious goals you have announced in terms of emission reduction. Indeed Copenhagen and Denmark are leading in this matter in the very important agenda for green growth and they deserve our admiration. I wish many other cities could follow this example.

Ladies and gentlemen,

Key facts and figures are often more telling than a long-drawn speech. So allow me to recall some of them.

Today, cities are home to 75% of our population in Europe, they account for 80% of energy use and produce 85% of Europe's GDP.

Urban areas with more than 250 000 inhabitants – the so-called metropolitan regions - generate 77 % of Europe's GDP while their population represents only 59% of the total European Union's population.

There is no doubt that the 21st century will be increasingly urban. By 2020, up to 80% of our population will live in urban areas.

As we all know, these urban areas are sources both of challenges and opportunities. And this Summit is precisely a welcome occasion to exchange views on best innovative practices to turn these challenges into opportunities and progress towards a "sustainable urban development".

Some of our major problems are indeed concentrated in cities. They are economic, social, environmental and demographic problems that are interrelated and may have in some cases severe impact on urban sustainability.

And some of them have just been aggravated as many European cities have been hit very hard by the crisis. I think in particular of unemployment and notably youth unemployment. And as you know, the European Commission is very actively committed to tackle this pressing challenge and we are working with our Member States to give some concrete responses in a short term.

But cities are also places of opportunities. Europe's cities have certainly a remarkable capacity to find new innovative ways to deal with a fast-changing societal, economic and environmental reality. Our cities have a long-standing capacity to re-invent themselves thanks to innovative urban planning and architectural projects.

European cities are indeed cradles of innovation. And innovation is nothing less than our capacity to create the future we aspire to by turning new ideas into growth, prosperity, jobs and well-being. So yes, I follow what the Lord Mayor of Copenhagen just said without any kind of European chauvinism - we should be proud of our cities. The quality of life in European cities is much above the quality of life in the cities in other parts of the world. We should be proud of this European model of cities. Just recently, in China, we have celebrated with our Chinese partners a Partnership for Urbanisation where the Chinese want to learn from our experience of developing urban areas, namely in terms of sustainability. So, I think it is also sometimes useful to be proud, because today there is a lot of pessimism in Europe. European cities are, despite the many problems we still have, a great example for other parts of the world. In a nutshell, Europe's cities have a key role to play for a smart, sustainable and inclusive Europe as it is very well illustrated in the exhibition presented here on "Beautiful, green; smart and inclusive colourful cities."

And this is something the European Commission is acutely aware of.

Last year we, in the European Commission, published a report on the "Cities of tomorrow", which both identify some of the key challenges that the urban fabric of Europe will face in the 21st century and propose some forward-thinking solutions to these challenges.

This report nourished our proposals for a renewed cohesion policy in the context of the next Multiannual Financial Framework – our budget for the next seven years.

This modernized cohesion policy sets out an ambitious urban agenda articulated around three main principles, namely sustainability, innovation and partnership.

Firstly, we have proposed to ring-fence for the purpose of integrated sustainable urban development a minimum of 5% of each Member State's European Regional Development Fund (ERDF) allocation. This 5% ring-fencing would be carried-out through the new Integrated Territorial Investment (ITI) instrument. With this new instrument all or part of fund management is delegated to cities. This is to give a bigger role to cities in delivering cohesion policy and to give us all better value for money.

Moreover, the European Social Fund may also be used to complement activities financed through the Integrated Territorial Investment (ITI) to support sustainable urban development in the field of employment, education, social inclusion and institutional capacity building.

Secondly, we have proposed to set aside around 400 million euro for urban innovative actions. The aim is to support innovative, forward-looking and experimental solutions for a sustainable urban development.

And thirdly as regards partnership, we have created Partnership Contracts to ensure that all levels of governance are properly involved in the design and implementation of the operational programmes.

Let me add that I believe that cities need rural areas as much as rural areas need cities. There is certainly a division of labour between these two and the urban-rural partnerships could best be addressed using community-led local development. Such partnerships could thereby potentially benefit from support through all funds under the Common Strategic Framework.

All this means that regions and urban areas have to be actively involved in the implementation of the Europe 2020 strategy.

Our common aim is to provide a sustainable response to the many challenges facing us and transform the European Union into a knowledge-based, resource efficient and low-carbon economy. So, when people today speak about growth, they should not forget that we have a strategy for growth. We have been saying it: fiscal consolidation is indispensable, structural reform is necessary, but the key is growth. For growth we have Europe 2020 and for investment we have the Multiannual Financial Framework (MFF), the European budget. It is very important to underline, because we need this kind of ownership of this strategy at all levels, the so-called multilevel governance, as I have been speaking also at other occasions at the Committee of Regions and many of the regional organisations. Quite frankly, I was a little bit surprised at the last European Council when twelve Prime Ministers wrote a very interesting letter with many important suggestions about growth from deepening the Single Market to gaining more access to foreign markets for innovation. Very good ideas that I fully subscribe to, but they never mentioned - not a single time - Europe 2020 strategy - a strategy that was unanimously approved by the governments of Europe. So, it is very important to understand that if we want it to work, we need to own it. It is not enough just speaking about Europe 2020 when the Heads of State or Government meet in Brussels summits. It is for all levels of European leadership, including the regional and local authorities, to make it happen on the ground. And this is very important to understand, because we need this European dimension for sustainable growth.

Our main tool to deliver our growth and jobs is the Multiannual Financial Framework, our budget.

Just today, in the morning, I was, together with the Prime Minister of Denmark, Helle Thorning-Schmidt, and the President of the European Parliament, Martin Schultz, opening a conference in Brussels with the European Parliament, but also with the national Parliaments discussing the Multiannual Financial Framework. And I want to call your attention to this, because I said there that we need to involve also the regions and the local authorities. I think this is one of the most important issues for the future in Europe – how can we conceive the Multiannual Financial Framework, our budget, as a budget for investment. Because, differently from what some people say, our budget in Europe is not a budget for Brussels, it is a budget for the regions, for the cities of Europe, for the workers of Europe, for the students of Europe, for the SMEs of Europe, and I need your support, I need the support of the regions and the local authorities of Europe, to make the case why we need some kind of targeted investment, so that we can in fact also address the issues of growth at European level.

To succeed we need to work together. Europe's regions and cities have such an important role to play in realising our targets for jobs, investment, research, education and social inclusion.

I would like to insist here on the fact that we absolutely need to ensure the overall coherence of all our different policies, to link all our common objectives and to guarantee proper ownership by all stakeholders at all the different political levels, what we call multi-level governance.

It is only by better pooling our efforts and focusing on key common priorities that we will be able to deliver concrete results for the well-being of our citizens; and increase the effectiveness of the European-level added value in time of national budget constraint.

That is why we have proposed to redesign our budget to replace what we could consider as a culture of entitlement (kind of a national envelope) with a focus on results, concrete results. It is a budget to deliver growth and jobs. It is a budget for investment in research and innovation, in education and jobs, in SMEs and in infrastructure. It is a budget for investment in our regions.

So together, we need to make the case for Europe, we need to explain why a euro spent at the European level makes very often more sense than a euro spent at the national level. This is why we need to tie our cohesion policy even more closely to our Europe 2020 strategy. And I count on you to ensure that a modern cohesion policy with an ambitious urban agenda is taken forward in the 2014-2020 period. We have to work hand in hand and I call on you to do this, because if not what is going to happen is that this discussion about the budget is going to be a discussion between the governments, and I very much respect our governments, but I think this discussion should be a discussion among the society, among our citizens. We should not have only negotiations in closed doors in Brussels. We need to involve the regions and the cities of Europe, the social partners and the societies at large, because this is critical for the success of these negotiations.

Let's look for example at research and innovation, one of the main points of Europe 2020 strategy.

European innovation partnerships have been launched under the Innovation union flagship to tackle major societal challenges and better coordinate existing initiatives. Two potential future Innovation Partnerships, namely the initiatives that we call "smart cities" and "water efficient Europe", are obviously of particular relevance for cities and urban areas. And local governments, stakeholders and citizens cannot only benefit from them but can and must play a key role in their implementation.

Research Joint Programme Initiatives are another good example of efficient coordination of national research efforts. For instance, the Joint Programme Initiative on "Urban Europe – Global Urban Challenges, Joint European Solutions" is an initiative that coordinates the urban-related research programmes of 13 participating countries based on a common vision of how to better address societal challenges facing European cities and urban areas.

The Commission has also tabled proposals to streamline the EU research and innovation funding instruments in order to better meet the needs of different participants, in particular SMEs that are so prolific in cities and urban areas.

This is what we have called the Horizon 2020 framework that will simplify the rules governing EU funding and will focus on major societal challenges and on industrial competitiveness as well. With Horizon 2020, the Commission has put forward an 80 billion euro Research and Innovation package for 2014-2020, this is an increase of 46% as compared to the current programme.

These research and innovation priorities are also reflected in our proposals for the new structural funds, including cohesion funds. This is, of course, also an obligation. We can and we have to respect what is in the Lisbon Treaty about social, economic and territorial cohesion and, in times of crisis, when many parts of our society are really living a situation of social emergency, I think it will not be fair to commit our efforts also in terms of social, economic and territorial cohesion.

And because we need to better connect Europe, to better connect our regions and our cities, we have proposed to use innovative financial instruments - in particular what I have called project bonds or growth bonds – to play an important role in infrastructure investment through the Connecting Europe Facility, which aims at building the missing links in our energy, transport and digital infrastructures. And I am pleased that at the last European Council earlier this month, European leaders gave their backing to my proposal for a project bond pilot. So to frontload some ideas to start immediately with project bonds that could help somehow growth. How is this project bond going to work? It is using structural funds that were not spent, leveraging them with the European Investment Bank, and also with private capital that could be invested in some of these projects for infrastructure connections from renewables, but to add it to transport and to the digital agenda.

We also want Europe to be greener and more resource efficient. Cities help a lot to develop an inclusive green economy bringing growth and jobs to our citizens. And local governments, like here in Copenhagen and Denmark, have become leading actors in implementing sustainable energy policies.

Through the combined efforts of the Covenant of Mayors signatories, an estimated 132 million tonnes of CO2 emissions can be saved every year. That is the equivalent of 78 million fewer cars on Europe's roads, or the total annual emissions of 22 coal-fired power plants!

And all these issues, which lie at the heart of our work, are also discussed in many summits with Third countries. European policies are indeed at the centre of global meetings including the upcoming United Nations Conference on Sustainable Development, Rio+20. So 20 years after 1992 we are going to meet to see what we can do and I hope that we will keep and even reinforce this leading role in sustainability, also with the contribution of our cities and urban areas.

Twenty years after the first "Earth Summit" (I had the pleasure to participate in a national capacity at that time), I think now we should start a world-wide transition towards a greener and more inclusive economy and to a sustainable future.

In this context, the objective of sustainable cities of green growth is one of the key areas on which the Commission will seek to get action-oriented outcomes at Rio+20. And of course we will work with the Committee of the Regions that will be kept informed of the progress of the negotiations.

Ladies and gentlemen,

In this increasingly interdependent 21st century world, pooling forces at global level is indispensable to bring effective global responses to challenges that are global in nature.

In this increasingly competitive 21st century world, to pool forces at European level and to develop partnerships between the regions, the cities and the European institutions is indispensable to get the most and the best from all of our efforts to stimulate sustainable and fair growth; and to create jobs.

Our multiple partnerships are indeed an essential contribution for Europe to translate its ambitions into reality, while taking account of the richness of our diversity and the differing situations on the ground.

This is indeed a crucial contribution to actively shape together the future of our shared European destiny. And I know that I can count on your active commitment for Europe to lead by example and not only to be driven by events!

Indeed, as it was said earlier the word "citizen" comes from "cities", "cité", "città", "ciudad", "cidade". And "citizens" is exactly the opposite of "subjects". That is why we need also in the political debate that is going now in Europe to have the role of the cities. Most of you, if not all of you, are also very well recognised in our societies. I would like the European debate to be not just the diplomatic debate in Brussels or at best also the debate with the institutions, including also the European Parliament in Strasbourg. I think it is critically important that the leaders of the cities, the leaders of the local authorities in Europe, take a stronger role in the debate in defence of Europe.

Just now, we had this terrible news about what happened recently in Toulouse - involving anti-Semitism. Some of the demons of the past are still around in Europe. We have some threats to our way of life, to our values – the values of freedom, of solidarity. That is why we need a strong commitment of the leaders of Europe, because the leaders of Europe are not just the ones who are in Brussels or in Strasbourg, they are those who are in all our cities and I want to conclude with a very strong and sincere appeal to all of you and to each of you, to take part in this debate for Europe and have the courage to defend the European values and to say why, together in Europe, we can be stronger - stronger not for the benefit of any kind of political institution, but stronger to defend the values and the interest of each and one of our citizens.

I thank you for your attention.