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SPEECH

CHECK AGAINST DELIVERY

TERRITORIAL COHESION AND THE LISBON STRATEGY: EXPLOITING EUROPE'S TERRITORIAL POTENTIALS

EU STAKEHOLDERS CONFERENCE UNDER THE ROTTERDAM AGENDA ON TERRITORIAL COHESION

AMSTERDAM, 28 JUNE 2006

ADDRESS BY JEAN-PAUL MINGASSON, UNICE GENERAL ADVISER

Ladies and gentlemen,

- My remarks will briefly address three issues of interest for the Confederation of European business:
  - First, the integration of competitiveness priorities within regional cohesion policy,
  - Second, the territorial dimension of competitiveness-enhancing Community instruments,
  - Third, the responsibility for shared management of the structural funds.

1. Integration of competitiveness priorities within regional cohesion policy

- We all know that, in the light of increasing global competition and demographic ageing, Europe urgently needs to boost its competitiveness and enhance growth and jobs. Public authorities, economic stakeholders and social partners agree that implementation of the Lisbon strategy is pressing as the promised results have not yet been delivered. As the latest Progress Report on Cohesion clearly states, 24 million new jobs are needed to reach the Lisbon employment rate target of 70%.

- In this context, the priority should be to make the Community cohesion policy more supportive of competitiveness-enhancing process. The regional policy should pursue a dual objective: it is not about convergence **or** competitiveness, but about convergence **and** competitiveness.

- UNICE followed very closely the negotiations on the financial framework for the period 2007-2013. We supported the amount and the substance of the Commission's proposals for heading 1a of the Financial Perspectives, i.e. "Competitiveness for growth and jobs", which focus on four domains:
  1. research and technological development
  2. innovation, technological as well as non-technological
  3. European networks
  4. education and training

- As it transpired that a doubling of the funding for heading 1a was out of reach, UNICE welcomed the earmarking for competitiveness-enhancing expenditure from the funding for cohesion policy, as agreed by the Council in December. The average target for EU is 60% for the convergence objective and 75% for the regional competitiveness and employment objective, i.e., 10% more than present performance.

- Moreover, each Member State must demonstrate in its programming that competitiveness-targeted expenditure will outperform previous achievements and demanding monitoring is foreseen. We certainly regret that new Member States do not have to comply with such earmarking, as this earmarking is a way to regionalise the Lisbon Strategy.

- However, there are reasons to be concerned about the implementation of these commitments. Member States are already showing some reluctance. There could be a risk that the concept of territorial cohesion could be used to water down the effectiveness of the earmarking, as this concept is intended to emphasise the particular characteristics of each region and may question the overall priority to be given to a knowledge-based economy. In fact, the Council has already agreed to broaden on an ad hoc basis the list of expenditure eligible for earmarking, which was already fairly large.

- We are indeed concerned that, in the name of territorial cohesion, regional authorities may sidestep appropriate concentration of resources on research, innovation, networks and training, especially given that many regions allocate less than 0,5 % of the GNP to R&D. If tourism is to be supported, it should be through training, innovation, dissemination of ICT, promotion of entrepreneurship and efficient business services.

2. The territorial dimension of competitiveness-enhancing Community programmes

- Here I refer to the Community programmes to be financed through the heading “Competitiveness for growth and jobs” of the financial perspectives. The relevant projects under this heading should be selected on the basis of excellence criteria, without specific reference to regional cohesion. In other words, project location should be a consequence and not a choice parameter, which is particularly relevant for R&D. Such an approach is all the more appropriate because the means of financing are constrained and each project should achieve a critical mass to be efficient.

- Nevertheless some local characteristics can enhance the excellence criteria, for example the existence of relevant clusters for innovation programmes.

- Furthermore, in most cases these projects will comply with territorial cohesion concerns of the regional authorities, even if they have been selected top-down for competitiveness purposes. Actually, the comparative advantages which justify the selection of a project will fit with the characteristics of the area concerned. If nanotechnologies were to be developed within the 7th Research Framework Programme at Crolles in France, it would be due to the excellence of the research centres, and this would enhance the territorial cohesion of the Grenoble area, very much devoted to research, innovation and high technology.

3. Responsibility for project management

- Now, I would like to address the issue of **project management** which, in our view, is **key to bring together territorial cohesion and competitiveness**.

- The business community believes that increasing regional responsibility in the programming and management systems of the cohesion policy could generate competitive outcomes if the decision-making process is fully transparent.

- In this context, we strongly support the **partnership principle** comprising representatives of public authorities, civil society, and economic and social partners. Furthermore, this partnership should:
    1. increase the sense of ownership of the programmes and projects by more stakeholders
    2. push for improvements in the management capacities at the regional level.
    3. mobilise greater territorial expertise
    4. bring about important added value to the quality of the projects

- But this calls for enhanced accountability. We welcome the new financial Interinstitutional Agreement on this point. It states that as part of the enhanced responsibilities of Member States and regions in the shared management of structural funds, the relevant audit authorities in Member States will produce an assessment concerning the compliance of management and control systems with Community rules. This would break new ground.

Thank you

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