



7 March 2007

REGIONS FOR ECONOMIC CHANGE: “FOSTERING COMPETITIVENESS THROUGH INNOVATIVE TECHNOLOGIES, PRODUCTS AND HEALTHY COMMUNITIES”

Opening plenary session

Time slot: 10-15 minutes

Time: 10.00 - 10.30

Chair: **Dirk Ahner**, Director-General, European Commission, Regional Policy DG

Keynote addresses: **Danuta Hübner**, Commissioner for Regional Policy
Philippe de Buck, Secretary General, BUSINESSEUROPE

<p>Business expectations regarding the role of regional authorities in unleashing the competitiveness of regions</p>

Ladies and Gentlemen,

- First of all, I would like to thank Commissioner Hübner and Director-General Mr Ahner for inviting BUSINESSEUROPE to express our views on a vital issue for Europe's future: the importance of innovation to make economies more competitive in a globalised world. Regions can contribute much on this issue, as SMEs but also large companies are locally entrenched.
- During the negotiations on the financial framework for the period 2007-2013, the business community asked for a doubling of the funding for the heading “Competitiveness for growth and jobs”, which focused on research and technological development, European networks, education and training and non-technological innovation.
- Unfortunately we did not get this, but at least the European Council decided that member states should earmark a large proportion of cohesion policy funding for competitiveness. BUSINESSEUROPE very much welcomed this initiative. Now European regions should take full advantage of the more than 300 billion euros made available over the next seven years.

**Coordinated regional policy actions can play a decisive role in stimulating Europe's innovation performance, growth and jobs**

- EU initiatives such as the Structural Funds, the new policy frameworks for innovation and research policies¹, even the European Institute of Technology and efforts to strengthen European clusters to compete at global level are good moves. But, in any case, only clarity of objectives, clear participation rules and effective coordination amongst all these resources can offer good opportunities for synergies in support of the Lisbon strategy. Coordination between national and regional policy-makers and between regional authorities themselves is crucial.
- Let's be frank: lack of coordination in the past has acted as a major obstacle to the effective implementation of funds and has prevented projects from achieving a much needed critical mass of finance or skills to be efficient.
- Also, the lack of expertise among administrators at managing innovation actions has stopped more private participation in the projects. The new financial instruments that the Commission and the European Investment Bank (EIB) have put at the disposal of public authorities, known as Jaspers, Jeremie and Jessica may help to the development of Public-Private Partnerships (PPPs) and SME growth. In our view, it is highly advisable that authorities use these facilities.

If innovation is a key priority for Member States, then the implementation has to be real

- We are pleased to see that, in their National Strategic Reference Frameworks, most Member States have retained innovation as a key priority. But the intention to invest more in innovation is not enough.
- Implementation has to become a reality in the framework of effective strategic management of measures. It should be optimised by the involvement of business representatives in the creation, implementation and monitoring stages of the programming process.
- Regrettably, in some countries, our national federations have already said that business representatives' involvement in the programming process has been rather weak and not systematic. Failing to take the business views into account will lead to limited interest in measures that are actually "aimed at enterprises".

¹ The Competitiveness and Innovation Programme –CIP- and the 7th Research Framework Programme – 7FP

**When it comes to innovation local, regional and national actors are key players in enhancing competitiveness**

- Innovation is primarily an entrepreneurial activity. Innovation depends very much on competition, market opportunities and making a commercial success of new ideas. Companies will adapt and become competitive. The recent publication of our economic outlook brings good news on the labour market: 8.5 million jobs are expected to be created between 2006 and 2008. Companies need the best framework conditions to enhance innovation. In this field, public authorities can do much.
- The role of authorities in boosting growth and jobs is not only limited to earmarking financial allocations towards competitiveness and innovation. In promoting entrepreneurship, public authorities can encourage an entrepreneurial mindset in schools and provide SME financing and R&D access.
- National authorities have much to say about appropriate and good regulation. This is a particularly important area for the development of firms and improvements are badly needed. Complying with increasing regulation slows down our responsiveness, diverts resources away from productive investment and reduces innovation and job creation.
- BUSINESSEUROPE appreciates the strategy recently proposed by Commissioner Verheugen. In a letter sent to Chancellor Angela Merkel ahead of the Spring Council, we clearly say that a reduction of the overall administrative burden by 25% at both European and national level in the next five years is a must and we expect efforts from all actors involved. We also support the creation of an Independent Expert Committee to assist the Commission and member states in the better regulation process.
- I would also like to stress that responsibility for exploiting all this potential should lie with local and regional actors. Why? Because businesses operate locally. Networks and clusters of inter-related companies working together develop first in a particular area.
- Support should be provided on the ground. Local authorities are the ones in charge of providing the facilities. They are best placed to elaborate measures adapted to regional specificities and it is at the regional level where more structured and permanent forms of collaboration can be developed to achieve critical mass.
- Regional support will also be essential in development of the Knowledge and Innovation Communities (KIC) that will be the basis of the European Institute of



Technology. Explicit involvement of businesses in all the levels of governance of this project will be crucial for its success.

- We believe that the Knowledge and Innovation Communities must be developed as public-private partnerships and offer specific incentives to industry such as the possibility to engage in high-level research areas and should support technical and scientific development in companies.

This is an opportunity that cannot be missed

- In the light of demographic ageing and increasing global competition, 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. The present economic recovery should provide room to move the reform agenda forward.
- Regional authorities and Member States should commit clearly to concentrate resources from the Structural Funds for entrepreneurship, infrastructure, innovation and human resources
- Coherent investments in these areas will certainly increase the attractiveness of the regions, hence stimulating the interest of companies to invest and create jobs and secure the long-term future of the area.
- We also expect the Commission to remain vigilant that Member States' use of EU funds genuinely makes progress towards the EU priorities of competitiveness and creation of jobs.

I wish you all the best for the rest of the conference. Thank you.