



SPEECH

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“REGIONS AND COMPANIES: A QUESTION OF PARTNERSHIP”

ADDRESS BY ERNEST-ANTOINE SEILLIÈRE,
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Ladies and Gentlemen,

We know in BUSINESSEUROPE that in an age of globalisation, **strong local roots remain the essence of success**. We have heard this from two major international corporations today, General Electric and Veolia: companies want to play a strong role in the development of the regions and cities of Europe. And what is true for multinationals with global outreach is even truer for the millions of SMEs that are strongly embedded in local communities.

Not only do companies bring capital and knowledge, create jobs and train staff, they also bring the expertise that is so badly needed to make the development strategy of a region or a city a resounding success.

But it takes two to tango!

Local authorities must see in companies a strong partner. They must develop the conditions that favour business development and respond to business needs. Only in this way can regions grow and prosper.

I would suggest to those of you with local responsibilities to embark on a permanent dialogue with us in the business community. This partnership will help you to develop the infrastructure projects, innovation facilities, clusters, education, training and research programmes that your region needs.

BUSINESSEUROPE has developed a brochure for today's event that illustrates the benefits Public-Private Partnerships (PPPs) can bring to the economy and society (show brochure).

We stress that PPPs can be the means to deliver better public services, allow for more choice, better value for money, new sources of financing and faster and flexible delivery.

PPPs can take numerous forms. Our brochure offers a few illustrative examples:

- In Rouen (France), the private sector has designed and built an integrated public transit system which has helped decrease the share of private transport;
- In Greece, the private sector is helping the government to construct, finance and maintain numerous schools.

Good partnership with companies is also needed to get better results out of the EU regional policy programmes.

The EU has provided significant means to help regional development: EU cohesion funds amount to 47 billion euros this year. By 2013 this will become the largest EU expenditure item. More than the Common Agricultural Policy. Commitments allocated to new member states are particularly important. They correspond on average to 2.5% of their annual GDP.

The economic opportunities are enormous, not only for individual regions for the European Union as a whole. Just for the sake of illustration: if all European regions below the current median income per capita level were to catch up to that level, the EU's overall prosperity could be boosted by more than 20%. This is not a realistic prospect in the short to medium term, but it shows the room that exists to increase both the cohesion and the overall prosperity of the EU.

But EU funding has not always produced the expected results. Several regions in Portugal, Spain, Greece, Italy or Belgium have received large amounts of money but without a real catching-up process. I know that when you invest you have to wait for the return. But let us acknowledge that efficiency was, in many cases, missing.

What can be done?

First, acknowledge that public resources are scarce. EU cohesion policy is not a redistributive policy in the traditional sense: it must invest and create the conditions for local development. In other words, **regional policy's "raison d'être" is to bring value added to regional development and exert as much "leverage effect" as possible on private activities.**

This will be possible by using funds to support private investment, innovation, skills development and adaptability. The priority must be to encourage entrepreneurship and risk-taking. Only a strong partnership with business can achieve this.

The Commission, in cooperation with international financial institutions (EIB, EBRD), has promoted use of the new financial engineering instruments. They have great potential to further increase the leverage effect of regional policy. The idea of risk-sharing with the private sector is terrific. Co-investment in local development represents a great opportunity that should not be missed. But there is the need to evaluate programmes, such as JEREMIE and JESSICA, to understand whether further improvements can be made to deliver practical benefits.

Second, the way of dealing with funds must be improved. Better programming, more effective and independent evaluations, better trained administrators: all this would make a real difference.

But EU regional policy will also need to operate a mindset change. We believe in particular that **stronger territorial cooperation and better coordination of EU funds are key for the future.**

Going beyond the borders of each region is extremely important. Regional development must be built upon cross-region and cross-border synergies taking better advantage of the internal market. But cooperation between cross-border territories is still in its infancy. There are too many obstacles: traditional barriers such as culture or language but also administrative ones.

Solutions to these administrative obstacles are also in your hands. From the business side, we know that border regions often have similar needs and would greatly benefit in closer cooperation.

The different **EU actions should be coordinated.** Cohesion Policy, Competitiveness and Innovation Framework Programmes, and Rural Development should work jointly in order to achieve common targets and a critical mass of finance and skills. Coordination with other EU policy areas, such as state aid and competition, R&D, training and education would be a step further.

To be clear, for us the EU objective of supporting **territorial cohesion** must include all these elements: good cross-border cooperation, strategic planning of infrastructures and cluster activities, better coordination of resources and programmes.

I have touched upon the use of EU funds. Let me refer to **the reform of the EU budget.** European ambitions reflected in the programmes for research, innovation, infrastructure, networking and education and training will remain constrained by generous funding of the Common Agriculture Policy (CAP). We think the time is ripe for a significant shift in resources from the Common Agricultural Policy towards EU policies supporting the competitiveness of the EU and its regions.

We strongly believe that the **European growth and jobs strategy** can find its most concrete application in the regions of Europe. Cohesion policy and the Lisbon Strategy are tightly linked, and this link will need to grow further.

As the current Lisbon strategy expires in 2010, BUSINESSEUROPE will call for a post-2010 agenda which has a clear focus on competitiveness and openness, respond to the utter transformation of the global economy, and builds on much stronger synergies between EU-wide, national and regional initiatives. Only coherent policies will demonstrate EU's tremendous economic value added and allow global leadership.

If we work together as partners we will be stronger. We will be able to build a more cohesive EU economy, in a fast-changing global environment. **I would like to thank our excellent panellists for their enlightening thoughts. I do hope that regions and their companies will keep growing stronger every day.**