

José Manuel Durão Barroso

President of the European Commission

Regions and Cities in a Challenging World

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

Open Days 2008 – European Week of Regions and Cities

Brussels, 6 October 2008

Madam Commissioner, dear Danuta,
Mr President of the Committee of the Regions,
Minister (Michel Barnier),
Ladies and Gentlemen,

As you know, I regard regional policy as the best symbol of the principle of solidarity underlying the entire structure of the European project. It is therefore with great pleasure that I am participating with all of you in these Open Days organised by the Committee of the Regions and the European Commission. This event launches the consultation on the Commission's Green Paper on territorial cohesion, which Danuta Hübner has just announced and which she will present to you in detail. I would like to greet the President of the Committee of the Regions, Luc Van den Brande, and Minister Michel Barnier, who is representing the French Presidency of the Council.

Ladies and Gentlemen,

The 2008 edition of this major political event bringing together the regions of Europe is taking place in a world full of challenges.

Each period does, of course, have its challenges. But I think we will all agree that, at this moment in time, our own period has more than its fair share of them!

Globalisation confronts us with major economic, political and geopolitical challenges that demand a considerable effort of adaptation to the new dimensions of the world.

But today, added to this "structural" element are factors of uncertainty and turbulence – the financial crisis, the world economic slowdown, the crisis in Georgia, the economic and political rise of major emerging countries such as China, India and Russia, the uncertainty in the Union with regard to the ratification of the Lisbon Treaty, and the dramatic acceleration of global warming. These are the realities of the world in which we are living.

In a few minutes, I would like to say a few words about the financial crisis.

Against the backdrop of the uncertainties I have just outlined, we can be sure of only one thing: all political action must be based on a world vision. This principle applies at all levels, including regional and local. The Union's internal policies must take account of world challenges. And so must regional administration.

Globalisation has two major implications for the Union's regional policy. The first is that cohesion policy will be increasingly aimed at helping the regions to find their place in world markets. It is true that solidarity means looking in the rear-view mirror to make up for all the time lost in the past. But it is also necessary to look ahead in order to progress and prepare for the future.

The second consequence is that, in order to succeed, close cooperation and cohesion are needed at all levels of action, from the European to the regional and local level. From now on, dimension will be the all-important aspect of the paradigm in which we find ourselves.

The European Union is not on the defensive against that world, but is preparing itself to benefit from it by equipping our Member States, our regions and our citizens to cope with globalisation. The structural reforms of the Lisbon strategy for growth and employment make us more resistant to external shocks than we were some years ago. They will enable us to weather the storm and make a softer landing. And then, we hope, to take off again faster.

Equipping ourselves to cope with globalisation is also one of the principal strands of our regional policy for 2007-2013. Here too, the results look very promising. Between 2000-2006 and 2007-2013, Member States will have changed their investment priorities. Investment in research, innovation and the information society, for instance, has risen from 7% to over 16% in the poorest regions and to close on 25% in the "convergence" objective regions.

The European Union also wants to make an active contribution to shaping this world we are talking about. Because we believe in our values of rule of law, solidarity and subsidiarity. Within the Union we have been practising "solidarity on a multilateral basis" for the past fifty years. To everybody's immense benefit. We therefore want our European values to leave their mark on the governance of a world that is still finding its way.

Looked at from the angle of these two objectives – benefiting from globalisation and shaping it - the energy and climate policy for the Union proposed by the Commission is a textbook example. First of all, we are thinking on a world scale, as climate change is global by definition. And secondly, the initiative we are taking at European level lends us credibility to influence the future "environmental multilateralism". Our international G8 partners have indeed backed our vision. There are two major international gatherings coming up: in Poznan in December and in Copenhagen in 2009. The European Union is determined to help secure an international agreement that is vital for the planet.

It is now for you, the regions of Europe, to seize fully the opportunity offered by the adoption of the energy-climate package, which will, I hope, be before the end of the French Presidency. The more pioneering work you do, the more influence you will have in directing regional competences and technologies towards environmental activities. But you also have a responsibility: that of contributing, at regional and local level, to the efforts to combat climate change, and in particular to increase energy efficiency, in order to achieve the 20% target by 2020.

I also take the opportunity today to encourage regions to play a very active part in the network of the European Institute of Innovation and Technology, which the European Union has just set up in Budapest. The purpose of the EIT is not to create a new spending item in the EU budget. It is to remove the distance obstacle and to develop a new method of interaction between the players in the knowledge triangle. It is our ambition to stimulate innovativeness so that more ideas will emerge from laboratories that will be converted into innovative products and services on the market. The regions will have a real place in this network.

If we are to succeed, as I have said, we need strong internal cohesion within the Union. Regional development needs cross-border partnerships between institutions and stakeholders - Union, Member States, national parliaments, local authorities, social partners and civil society.

Globalisation increases the need for subsidiarity, and that is no paradox. For the regions are now the leading territorial units at which level knowledge is transferred and local innovation systems are built and which vie with each other to attract investment. It is precisely the aim of cohesion policy to give greater powers to the regional authorities, on innovation in particular.

This is why I am calling on the regions of Europe to connect to the world, to give their economies an international dimension, to attract researchers, to strengthen the fabric of small businesses, to create centres of excellence and to enter fully into the international network economy. My message to the 86 regions that still have scores below the Community average in the field of innovation is the following: make the most of the aid and solidarity that the cohesion policy offers to boost innovation – a quarter of the total budget of €200 billion intended for the Lisbon strategy objectives.

Let me now briefly touch upon the situation in the financial markets: We are in the middle of a serious crisis. But citizens can be assured: we are taking our responsibilities. Saturday's meeting of the European G 8 members, today's Eurogroup, tomorrow's Ecofin, next week's European Council show the determination of the EU and of its Member States to deal with this situation in a coordinated approach.

I am urging all governments of the European Union to coordinate their action.

We are a Union of states, not one single state. Therefore each and everybody has to act at his or her level, with his or her instruments. I recognise that the cases may vary and that there are different national contexts. As a consequence, there cannot be uniform responses. But if we act on the basis of the same principles our responses will be converging.

There is work to do in the short term, but also in the medium and long term. The supervisory authorities and the central banks, notably the ECB, are addressing the market events in real time. The Commission is supporting and assisting them: be it through the quick and flexible application of the state aid rules, be it through guidance to square individual measures with a common framework.

Our rules on the internal market, on state aid or the stability and growth pact are adapted to cope with this kind of exceptional situation. They are designed to address changing circumstances. Their equitable application is the basis for mutual confidence and for a lasting recovery. Of course we will apply these rules with the necessary flexibility. But we do not need to change or suspend them.

The Euro is a common currency is a stabilizing force in these tasking circumstances.

Together with the Member States and the other institutions, as well as our international partners, the Commission is doing its work. We have presented proposals on capital requirements and joint supervision for banks and financial institutions. We are working on further proposals concerning deposit guarantees, accounting rules, rating agencies and executive pay.

Specifically on deposit guarantees for savers, we already have a EU directive providing for a minimum guarantee. Member States are entitled to protect savers further and can top up this guarantee. Some of them have done so. We stand ready to work with all the Member States to ensure that these guarantees interact properly. Our future legislative proposal will consolidate the present experience and provide for a robust framework for the future.

In order to ensure the sustainability of our answer, I have decided to convene a High Level Expert Group to come forward with a full analysis and proposal for a future architecture for our financial markets.

Let me say this to our citizens: we are working full time on your behalf, to stabilize our financial markets, and our economies. Now is the time for cool heads. I cannot promise you that there will be no difficulties: but I can promise you that if we keep cool heads, we will come through and prevail.

Ladies and Gentlemen,

A final word to wind up. Given the complexity and scale of the challenges we are discussing today, protectionism, nationalism and closing in on ourselves would be a sure recipe for failure.

What we need is a Europe looking out towards the world and towards the future, open, sharing and united. Today's uncertain economic situation makes this more necessary than ever. The regions and cities of Europe have a key role to play in achieving our aims.

Thank you.