

## Meeting Summary

### Leading Europe out of the crisis

CPMR seminar in Marseille November 27, 2009

**The regions need to mobilise themselves, their organisations, governments, and their EU MPs in order to save whatever could be saved of the European regional policy. This was the clear message Ms Katarina MATHERNOVA. Deputy Director General, DG Regio gave the auditorium of the CPMR seminar on Friday.**

**Though the draft budget leak a few weeks ago, have made the the budget to be withdrawn it stand clear that the future EU regional policy will see a radical transformation. The regions do still stand a chance to grasp the initiative if they could mobilise to present a constructive response to EU2020<sup>1</sup> vision consultation recently published. But time is running up.**

**Katarina MATHERNOVA.** Deputy Director General, DG Regio delivered a surprisingly outspoken speech as she addressed the meeting.

The COMMISSION WORKING DOCUMENT CONSULTATION ON THE FUTURE "EU 2020" STRATEGY published past Tuesday, is a further development of the draft ideas President Barroso put forward as he renewed his candidacy to the position as president.

The EU 2020 contains an economic and a social vision for the union split in three parts - economic growth shall be in the knowledge based sector, an "including" society and "green competitiveness". These three basic ideas is likely to find a swift agreement among EU members - as they are all hard to disagree to. The document, however, have very little to say about how these visions shall be achieved - notable, considering the fact that the main criticism of the Lisbon strategy is the difficulty of how it should be implemented.

The regions of Europe have a possibility, yes an obligation even, to make their position known through answering this EU2020 paper as this will lay the strategic foundation to the discussion on EUs budget and the future Cohesion Policy. A unanimous reply from the regions of Europe, preferably in collaboration with member states, should a very important contribution. The reply should clearly be stating the need to include the regions in the future process to ensure that the EU2020 goals are achieved. - However, there is very little time to act! The consultation<sup>2</sup> state 15 January, 2010, as the official deadline but the general secretariat has made it clear that amendments that will be dealt with in full shall need to be in before Christmas.

Contact your governments, your EU MPs ! - as much of the final content will be drawn up in the corridors of the Parliament, said Ms Mathernova. However, its not sufficient only to comment on the regional policy - we need to bring forth concrete "good examples" / best practice that could bear witness of what regional policy is able to achieve. Clear and good

---

<sup>1</sup> COMMISSION WORKING DOCUMENT CONSULTATION ON THE FUTURE "EU 2020" STRATEGY [http://ec.europa.eu/eu2020/pdf/eu2020\\_en.pdf](http://ec.europa.eu/eu2020/pdf/eu2020_en.pdf) (added: Anne Ståhl Mousa)

<sup>2</sup> EU consultation EU2020 <http://ec.europa.eu/eu2020/> (added by Anne Ståhl Mousa)

stories. Neither at the lowest micro level nor at a macro level were contribution of the regional level is no longer evident.

**Danuta Hübner**, Chair, European Parliament's Regional Development Committee, stressed the importance of how the recovery process from the financial crisis is formulated<sup>3</sup> - as there is still a long way to go before Europe have reclaimed a sustainable level of growth. The budget discussions will take place at a time when Europe is fighting to defend its position in the global context and, simultaneously, to defend its legitimacy in the eyes of the citizens.

The cohesion policy has led to a decentralisation of decision making, unfortunately bringing a heavy control system and too much bureaucracy - and on these things we will have to act.

Looking ahead at the challenges facing Europe it stand clear that to return regional policy to the national level is neither the way nor is continuing to direct regional policy measures only to the poorest regions. The Lisbon treaty clearly state that the regional level play an important part in Europe. There is, however, a need to bring forward the important roll the inter-regional balance between big cities and the country side is playing. The priority have to remain on competitiveness, sustainable development and an economical and social structure stable over time. The division of work have to be made clear and the cooperation between the different governing levels strengthened.

**Michel Vauzelle**, president i PACA and host of the meeting, focused his intervention on the importance of a global perspective. Europe mustn't fall behind as US and China is dominating world policy. Mr Vauzelle stressed, in his discussion on the situation in the Mediterranean area, the importance not to turn our back to northern Africa and this was, according to Vauzelle, the argument for an organisation such as FOGAR. He also said that France under Sarkozy is in a period of centralisation to the extent not seen since the days of de Gaulle - a draft legislation waiting to be taken is directed to limit the number of elected delegates on the regional level.

CPMR President Mr **Claudio Martini** said that regions must set down their foot to put an halt to the suggestions of centralisation and sectorisation circulating in the Commission. In the end the regions will provide the means when the national level can't handle the crisis. The economic crisis may be loosing its grip but the social crisis, in it's wake, is only just taking off and may culminate in over a year from now.

One of the most important issues right now is how SMEs shall find money. Martini also addressed the suggestion of a territorial pact, a suggestion he presented at the European Regional Summit in Prague this spring. The real results of the Lisbon treaty have been very weak. Looking around the world over a ten year period Europe is falling behind. This is a result of not allowing the regions to sit at the table as the politic is formulated.

We need a change. We will not take off from nothing regarding governance. The Committee of Regions is there as an widely accepted body. We have had a regional policy for over 20 years and progress have been made. Our regional policy is even becoming a model now

adopted by, amongst others China and Brazil. The paradox will occur if we abolish the regional policy when others are now adopting it.

**Ieuan Wyn Jones**, First vice Minister in Wales, stressed that the Wales Regional Assembly will oppose any suggestion that will bring about limitations in the structural funds to certain regions. All regions that are receiving funds have their challenges to meet and will continue to need these funds.

Apart from this Mr Jones described how hard the crisis have been hitting Wales and what has been done to limit the impacts. Much of the efforts been directed towards education. The first Jeremy-fund have channeled funds to SMEs. Focus have been set towards a few key-sectors (energy, ICT, creative industries) and to strengthen the cooperation between the university, research and companies.

**Vicente Alvarez Areces**, President of the Asturias said that the crisis is a result of the markets failure and that this should give politics a stronger role in the future.

**Annika Annerby Jansson**, Chair of the Regional Council of Skåne addressed the importance of innovation long term regional development. She described the Swedish innovation system - with a strong internationalisation through many multinational companies, and "the third mission" of the universities.

The innovation system need a supporting system (tax-system, regional priorities, good climate for SMEs, finance, patent, good administrative rules, cooperation and infrastructure) and knowledge generators. Innovation is developed in the interfaces between sectors, branches and actors. There is also a need for an public debate on, amongst other things, ethics.

The Öresund cooperation was described. The triple helix-model and development of clusters was exemplified with Medicon Valley, Moving Media (maintain its ambition to reach the cutting edge) and Sustainable Business Hub (for clean-tech companies).

Ms Annerby Jansson stressed the need for a joint vision, strategies for knowledge management and to work with a long term perspective.

**Javier Velasco**, Minister of Aragon, described the regions policy during the economic crisis that have focused on investment into the social sector. The region signed an agreement with the employers and trade-unions. It is important to send the signal that this is a region with a good social climate. They have also presented a programme for investments into various sectors and to further educate and develop the labour force.

**Jean-Yves Le Drian**, President of Brittany spoke of the European recovery-plan. He noted that other nations in the world have allocated a much larger percentage of their GDP to the recovery plan. The big issue is if the mechanism of the plan (EUs plan) will remain and if so for how long. Will the new Parliament discuss the recovery-plan?

Hearing that the second part of the crisis still is ahead of us the issue remain if Europe will have recovery plan that is strong enough. If we do not have the financial incentives to make the "green" and "innovative" changes needed we will not make it. The shortcoming of the Lisbon strategy was that the regions were not a part in the process. If regions are not a part - visions will lead to nowhere.

**Henri Regnault**, Professor from Pau described the crisis as a very large "multidimensional" crisis. Not a trend fluctuation but a structural variation. "Multi crises systems" - including economy, ideology and politics. And on a global scale. A crisis in the traditional financial structure.

The world is facing two important task - to feed 9 bn inhabitants by 2050, and this is demanding an agricultural revolution and in the same time to produce energy without CO2 emissions.

Old economics could be fond trapped in old technologies and be overtaken. The looser is the believers in Keynesian<sup>4</sup> traditional economic solutions who believe that the way is to reform the old system. The way forward is to look to Schumpeter<sup>5</sup> - entrepreneurs and innovation in the centre. Don't miss the train as it makes seep on technology and energy. Take care of the people in the old industries / branches tumbling but don't give life saving to the old industries themselves.

**Isabelle Chatrie** from the Dexias Banks department of research, described the subnational sector in EU:92 000 local and regional levels. three federal states and 24 on the union level. Ten countries do have just one sub-national level but they only represent 7% of EUs population.

The larger countries have three levels

Development: 1) decentralisation 2) municipal amalgamation or cooperation 3) regionalisation.

A presented graph show Sweden at the one end with basically direct taxation.

The income for the sub-national level in EU grew by 1.3% on an average during 2008 though in Spain and Italy it fell. As for 2009 we are expecting a set-back. The expenses of the sub-national level grew by 2.6% between 2000-2008 as a result of ever increasing need for public service. The increase is larger than that of the GDP increase. The public investments grew even more, particularly in the new member states. As for 2009-2010 the public finances on the sub-national level will be clearly visible.

---

<sup>4</sup> Wikipedia on Keynes: [http://en.wikipedia.org/wiki/Keynesian\\_economics](http://en.wikipedia.org/wiki/Keynesian_economics) (added: Anne Ståhl Mousa)

<sup>5</sup> Schumpeter taking flight: [http://www.economist.com/businessfinance/displaystory.cfm?story\\_id=14447179](http://www.economist.com/businessfinance/displaystory.cfm?story_id=14447179) (added: Anne Ståhl Mousa)

**Andrea Benassi** from UEAPME<sup>6</sup> – an organisation for SMEs on the European level - ensured that they are against the sectorisation and to return EU policy to the national level. EU have failed to see the important part small companies played in stabilising the economy. Only 6% of money directed towards creating new jobs does reach small business. The lack of fora for meeting with small business and lack of entrepreneurial spirit with political leadership is a problem. What's need is a "horizontal subsidiarity". UEAPME will support CPMRs suggestion to create a territorial pact.

In the end a (none formal) declaration<sup>7</sup> was taken that spoke of the role of the regions to take Europe out of the crisis, more or less identical to the CPMR draft but adding a reference to the EU2020-document.

Finally it could be noted that the delegates, only some 70, to enlarge came from France and Spain - though all of high political level with a number of regional presidents present. Only very few from northern Europe came - basically the speakers invited from these regions.

A conclusion of the seminar is that we should maintain in close contact with the CPMR secretariat and other actors in formulating a quick response to the EU2020 consultation.

---

Rapporteur / Magnus Engelbrektsson, Region Västragötaland  
Translation into English<sup>5</sup> and footnotes / Anne Ståhl Mousa BSC Secretariat

Speaker at the meeting from BSC area was Ms Annika Annerby Jansson, Region Skåne

---

<sup>6</sup> Voice of SMEs in Europe: <http://www.ueapme.com/> (added: Anne Ståhl Mousa)

<sup>7</sup> Final declaration: [http://www.crpm.org/pub/agenda/1173\\_final\\_declaration\\_marseille.pdf](http://www.crpm.org/pub/agenda/1173_final_declaration_marseille.pdf) (added: Anne Ståhl Mousa)