



Speech of CoR President Luc VAN DEN BRANDE
to the European Regional Economic Forum
EREF 2008 in Nova Gorica, Slovenia

"The role of European Regions in strengthening the Knowledge Economy"

Friday, 6 June 2008, 09.00-09.30 (30 min)

Dear Commissioner HÜBNER,

Dear Minister ZAGAR,

Dear Participants of the European Regional Economic Forum (EREF) 2008,

First of all I would like to say that I am very happy that you have invited me as the 'new' President of the CoR to address you today at the EREF in Slovenia.

I would like to thank the organisers, and in particular the Director of the Slovenian Business & Research Association (SBRA) Dr. Boris CIZELJ [*Tsisel*], for hosting and organising the EREF already for the 4th time. This illustrates the increasing success and importance of the EREF, which indeed provides a bridge between the current EU Member states and countries of South-Eastern Europe. It provides a true platform for discussing policies and measures aiming at imple-

menting the Lisbon Strategy and through the presentation of good practices from European regions.

In this capacity, it is also complementary to the CoR's own Lisbon Monitoring Platform, which our CoR Director Lucio Gussetti has presented to you yesterday morning during the "Introductory Panel" session.

I admit it is both a pleasure but also a two-fold challenge for me to speak to you this morning:

Firstly, because it is obviously not easy to address you as the first speaker at 9.00 in the morning after such a gala dinner as we all enjoyed last night.

Secondly, and more seriously, I believe that most of the interesting presentations we heard yesterday – from many different countries such as Sweden, Finland, UK, Canada, Croatia, and our host country Slovenia - could already be summarised under the headline of my speech, "the Role of European Regions in strengthening the Knowledge Economy", as they illustrate the point that I want to make today.

Although I realise that there is a variety of definitions of the term "knowledge economy", I believe that one common feature is the key role of knowledge to produce economic growth and jobs.

If we now look at how knowledge is actually "produced", we need to refer to the "knowledge triangle", consisting of education - innovation - research.

And it is precisely in these areas that local and regional authorities have key competences in most EU Member States:

1. The role of LRAs in education

In many Member States the regional and local level is responsible for general education, vocational training and adult education. It is here that education and training decisions are taken and put into practice. The local and regional level is also an element of the social partnership and a coordinator for local and regional development and growth. Consequently, it is also in its interest to encourage adult learning and develop workforce skills. Education and training are essential instruments to enable the EU to ensure that all Europeans are included in the knowledge economy and achieve the goals of the Lisbon agenda for growth and jobs. Education and training, skills and lifelong learning are areas that form part of the CoR's key policy priorities.

Skills development is a central challenge facing European regions and cities. Together with innovation, enterprise, competition and investment, skills are one of the key drivers of productivity. For the CoR¹, it is important to highlight the im-

¹ Relevant COR opinions are:

- Opinion on key competences for lifelong learning (rapp. Christina Tallberg CdR 31/2006)

portance of improving the capacity for investment in skills development of Member States and local and regional authorities so as to ensure lifelong learning in practice and the promotion of active labour market policies through a sustainable approach in accordance with the Lisbon Agenda.

2. The role of LRAs in innovation

Secondly, I now would like to address the area of innovation.

Innovation is at the core of local and regional policymaking throughout the EU. And it is worthwhile stressing that this concern for innovation, according to the CoR annual monitoring exercise carried out by its Lisbon Monitoring Platform, is not weakened by emerging policy priorities such as saving energy, facing the impact of climate change, protect the environment and handle some potentially negative effects of demographic trends.

Regions and cities can contribute to innovation well beyond the financial aspect. There are many projects on the local and regional level throughout the EU, which address the suggestions and ideas raised by the Report of the Independent Expert Group on Innovation & Research, the so-called Aho Report.

- Opinion on Efficiency and Equity in European education and training systems (rapp. Geert Bourgeois CdR 335/2006)

- Opinion on Adult learning (rapp. Mary Shields CdR 3/2008 (to be adopted in June 2008))

Regions and cities can support the growth of lead markets by helping the creation of innovation-friendly circumstances. They can play a crucial role both on the supply side, by supporting the development of centres of excellence and innovative clusters, and on the demand side, by using public procurement to purchase innovative goods and services. Obviously, if the EU and the Member States do not succeed in improving the regulatory and administrative framework for doing business, or do not manage to create a labour market environment stimulating the mobility of researchers, then efforts at the local and regional level will be vain.

3. The role of LRAs in research

Before I address now the third element of the knowledge triangle, namely research, I would like to share with you a very simple definition (which some of you might already know), which helps us to understand the key difference between "research" and "innovation", and their role in the knowledge economy:

"Research" is about turning money into knowledge, whereas "Innovation" is about turning knowledge into money.

Regions and cities can contribute to increase the resources available for Research & Development (R&D) investments and technology transfer, using the Structural Funds as a leverage for additional public and private funding. They can also

help to make a more effective use of EU, national and local resources pushing for better co-ordination. This is the key message of our CoR Opinion on the European Research Area adopted in October 2007, and reiterated in our Opinion on “More Efficient Support for Research and Innovation in EU Regions”, adopted in February this year.

Again, inadequate use of grants and fiscal incentives to R&D, or insufficient effort at the national level both in terms of funding and public procurement for innovative goods will leave these efforts fruitless.

4. LRAs' role on the Labour Market

Besides the LRA's role within the knowledge triangle Education-research-innovation which I have outlined, I now would like to address Cities' and Regions' role on the labour market:

Cities and Regions can also contribute to the achievement of a greater mobility of human, financial, knowledge and organisational resources, as an example, through policies helping senior workers to change their job, or improving living condition to attract skilled workers. Once again, coherent action at the national level is needed – as just one example, in reforming labour market laws where necessary – for regional and local action to bear fruits.

As shown by the CoR's Lisbon monitoring exercise, these efforts are part of a broader policy engagement of regions and cities which is very much in line with

the objectives of the Lisbon Strategy, and the priorities set by the Spring European Council: investing in people and modernising labour markets; unlocking the business potential, in particular of SMEs; investing in knowledge and innovation, to make the “fifth freedom”, the free movement of knowledge, a reality.

5. LRAs using Structural Funds to support the Knowledge Economy

To conclude, I would like to briefly outline how LRAs use Structural Funds to achieve the knowledge Economy, also to prepare the ground for our next speaker today, Commissioner Danuta HÜBNER.

The knowledge economy gives a powerful contribution to sustainable growth and the creation of better jobs for the territories of the whole Union; and in doing so, it also helps to address the challenge of territorial cohesion which has been included among the EU objectives by the Reform Treaty of Lisbon.

As I explained earlier, cities and regions have a major role to play in the design and implementation of the policies needed to support the knowledge economy.

According to the COR's Lisbon Monitoring exercise, the contribution of Structural Funds is seen as highly relevant to the achievement of the growth & jobs targets.

It is of particular interest that, according to our study, 57% of regions and cities said that the so-called "Earmarking requirement", the requirement to devote a

given percentage of the Structural Funds resources to objectives related to the Lisbon Strategy for Jobs and Growth, actually led to relevant changes in the programming documents, and that these changes had been mainly towards innovation and research funding. This is also coherent with latest estimations by the Commission/ DG Regio, according to which regions and cities spend an increasing amount of Structural Funds in the area of education, research and innovation.

Ladies and Gentlemen, before ending my speech, I want to invite you all to continue our topical discussion at our annual OPEN DAYS from 6-9 October in Brussels, which the COR organises in cooperation with our colleagues from DG Regio. The Open Days will bring together thousands of local and regional decision makers, politicians and experts, together with members and representatives of the COR, the European Commission and the European Parliament.

We will organise several hundreds of workshops, seminars and conferences during these 4 days in October to discuss and exchange good practices in the area of local and regional development.

Finally I would like to draw your attention to our annual "Territorial Dialogue for Growth & Jobs", which will take place in spring 2009 shortly before the Spring European Summit under the Czech Presidency.

You will find more information about all these events on our COR website www.cor.europa.eu.

Ladies and Gentlemen, I thank you for your attention, and I am looking forward to your questions now.