



EUROPEAN COMMISSION

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Europe as a location for industry and innovation

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

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Dear friends,

Dear colleagues,

Ladies and gentlemen,

The economic crisis which has been troubling our continent for the past few years has challenged many of our convictions and traditions. It forced us to rethink the way we do things. Our economic model has been questioned. Our single currency has come under scrutiny. And we have seen a contraction of European economies and levels of unemployment that are, to say it frankly, scary.

With these in mind, preparing for a speech on Europe's competitiveness and its attractiveness as a location for industry, seemed like a daunting task.

Thankfully for me, but most importantly thankfully for Europe it is not all gloomy and bad. There are signs of resistance. There is a foundation to build upon. It is by no means a lost battle for our continent.

For example, looking at the flows of inward Foreign Direct Investments in the European Union we can draw some interesting conclusions. In spite of the economic crisis and the drop in the level of inflows, the Union received 27% of the total FDI in 2011 according to the United Nations Conference on Trade and Development. Even though the share is expected to further decrease in 2012, according to the same source, it is still estimated at 21% of the total, still significant.

What does this tell us about the Union's attractiveness? Well, decreased as it may be, Europe is only second to Asia in terms of inward Foreign Direct Investment. It shows that our continent is still quite an attractive place to do business.

This conclusion was also confirmed by the Ernst and Young's 2012 European attractiveness survey which found an increase in the number, as well as in the scale, of projects financed by FDI. The business services and the software and automotive sectors were identified as the biggest recipients of investments.

The survey concluded that Europe's fundamental strengths continue to endure. It ranked Western Europe and Central and Eastern Europe in second and third place respectively, only behind China who featured at the top of the list of the most attractive destinations for Foreign Direct Investment.

This is hardly surprising. The European Union is a place where there is a stable democratic political system with developed social and economic structures. It has a long history of fostering business and innovation, strong academic tradition, developed infrastructures and highly skilled human workforce.

The challenge that Europe is facing today is how to reverse the declining trend. How to build on its strengths in order to improve its attractiveness to investors and to business.

Dear friends,

It is precisely for these reasons that the European Union adopted in 2010 the EUROPE 2020 Strategy. It is a long-term strategy, not only about overcoming the crisis, but also about changing our growth model. In order to be able to cope with the new challenges of energy security, globalisation and climate change, the Strategy's objectives are to generate smart, sustainable and inclusive growth.

What you will be discussing here today, namely competitiveness and innovation, are at the heart of EUROPE 2020. And even more so at the heart of the new Regional Policy.

In Brussels, we are currently finalising the details of the frameworks and financial allocations for the Union's policies over the next seven years. As the Commissioner responsible for Regional Policy I put forward proposals to reform the policy, to make it more relevant to the circumstances and to the needs of the regional economies.

I am very pleased that there is an emerging consensus between the European Council and the European Parliament about our proposals. As a matter of fact, it became clear that in terms of financial allocations, Regional Policy will be the biggest share of investment funds in a range of areas including innovation and support to enterprises.

This will allow the new Regional Policy to become a platform for making Europe's regions more competitive and attractive to business. And I would like to explain how.

First of all, Regional Policy is strongly aligned with the objectives of EUROPE 2020 Strategy and aims to contribute to smart, sustainable growth.

To achieve this, we have introduced the concept of thematic concentration for the funds. This means that, at least 80% of all available resources in more developed regions and 50% in less developed regions, will be allocated on things such as research and innovation, ICT and low carbon economy.

Another novelty we have introduced which is complementary to thematic concentration, is the requirement to have a Regional and Innovation Strategy for Smart Specialisation. This is a condition that has to be fulfilled before spending any funds on research and innovation. The objective is to ensure that the right environment exists for efficient and effective research and innovation actions. To guarantee that all fit into a carefully-thought out and well-designed strategy.

The strategy helps to establish the necessary coherence in the goals of the main stakeholders and will lay the foundations of an inclusive process. Government policy and research at universities will better reflect the needs of the enterprises and of the regions. It will mobilise and bring together the different governmental departments helping to ease bureaucratic obstacles and joining different policy objectives.

It helps the regions to focus and identify the sectors with the highest potential for growth and global competitiveness and attractiveness. This is a much better approach than simply supporting unrelated individual projects that have no synergies or an impact on the industrial and economic structure of region. In this regard, fostering the creation of clusters for research and innovation and commercialisation of their results is of paramount importance.

It is more than evident that the development of regional research and innovation strategies has come through an inclusive process in which business representatives have a key role to play. So I take this opportunity to ask you to get involved in this process in your regions. The entrepreneurial spirit of business leaders in terms of looking for new solutions and their flair for new market opportunities could be a paramount importance in designing the regional research and innovation strategies.

Today, the Union's traditional position at the helm of competitiveness has been challenged. Its' attractiveness to business has also been questioned. In responding to these challenges Europe has to regain the lead in research and development and innovation. Thematic concentration and regional research and innovation strategies are two important tools in this respect.

Dear friends,

In designing our proposals for the new period we also tried to make special reference to some significant areas which could determine the success of our efforts to recover from the crisis and to be an attractive place for business. Among others, we have included energy efficiency and Key Enabling Technologies.

I believe that if Europe is to start climbing up the ladder of competitiveness and attractiveness, it has to address the issue of energy security and dependence on imports of raw materials. Europe is increasingly becoming more dependent on importing both these commodities. Our trade deficit of 156 billion Euros in 2011 would have been a 237 billion Euros surplus if it was not for these imports.

This is where Key Enabling Technologies come into play. They can lead to new materials which could substitute imported, scarce or not re-usable raw materials. They have the potential to become the foundation of our future economic development. They can lead to new and better products and processes, generate economic growth and employment and strengthen competitiveness and attractiveness of the EU and its regions. They have enormous market potential. With growth rates between 6% and 15% in the next 4 years, it is expected that the global market for Key Enabling Technologies will grow to over €1 trillion in 2015.

They can be the driving force for innovation, increase productivity, give rise to new products and applications and help tackle societal challenges. They can transform, modernise and renew industrial base of regions. They can help regions diversify into higher value-added, knowledge-intensive activities.

Support from Regional Policy's Structural and Investment Funds can encourage and facilitate this process. They can support the take-up of Key Enabling Technologies by promoting fast and 'closer to market' assistance. They can contribute to the development and testing of products and production methods.

Regional Policy can foster the adoption and diffusion of Key Enabling Technologies for the benefit of the industries. Moreover it can encourage investment in their development for the creation of pilot production lines something that could allow our regions to maintain manufacturing jobs.

And while doing all these, it can help Europe limit the dependency on imported raw materials, or at least counter balance the trade deficit created by importing them.

The other important field that we identify in our proposals is energy efficiency. Since there is not much we can do in terms of increasing the availability of natural resources of gas and oil, there is a lot we can do in terms of promoting sustainable use of energy and energy efficiency.

Again this is an emerging market with a demand which is gathering speed. The global market is currently estimated at 1.15 trillion Euro per year and it is expected to reach at least €2 trillion Euro by 2020.

The European Structural and Investment Funds allow European regions to enter and compete in this expanding market. They allow investments in the development of research and innovation and entrepreneurial capacity in areas such as sustainable energy, including marine and solar, ecosystem services, eco-innovation and low-carbon economy.

Ladies and gentlemen,

Of course Regional Policy does much more than supporting Key Enabling Technologies and energy efficiency. For example it invests in infrastructure, such as broadband networks, and in people, providing them the necessary skills. But it is not possible to elaborate on all the areas that we are investing in, at least not in such a short time.

However, I hope that without being too long, I managed to convey to you what we are trying to do with Regional Policy in order to make our Europe and our regions more competitive and more attractive for business.

The challenges we are facing require that we all work together. This is why I am really pleased to be with you here today and I look forward to listening to your discussion and ideas.