

The outermost regions in a globalised world (Madeira, 5 October 2007)

Caption: This speech by Danuta Hübner, European Commissioner responsible for Regional Policy, emphasises the idea of continuing the constructive dialogue with the outermost regions. The Commission expresses its intention to fully involve these regions in the Lisbon Strategy and to further develop the competitiveness of their economies.

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Danuta Hübner

European Commissioner responsible for Regional Policy

"The outermost regions in a globalised world"

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

Outermost Regions Presidents' Conference - Partnership Session

Madeira, 5 October 2007

Introductory remarks

Mr President of the Regional Government of Madeira,

Mr Presidents of the outermost regions,

Ladies and Gentlemen,

First of all, allow me to thank you President Jardim for your kind invitation and for your welcome. It is a real pleasure for me to visit Madeira for the first time and to participate at the 13th Conference of the Presidents of the Outermost Regions (OR).

It is the third time that I have the honour to take part in your works. Last year we hold the Conference in Guadeloupe and in 2005 on the island of *la Réunion*.

These Conferences are for me the confirmation of the importance of the partnership and strong relationships that we have developed throughout the years.

Indeed, the Commission will continue its constructive dialogue with the outermost regions. We are present to assist in investing in overcoming the permanent handicaps of your regions but also to help you reap the benefits from your unique geographic, strategic and economic situation in an increasingly globalized world.

As we all know, globalization is a fact we cannot ignore.

This brings me to today's intervention and I would like to structure it around three issues:

1. Firstly, the content and purpose of the communication which was adopted the 12 of September this year by the Commission concerning the outermost regions.
2. Secondly, the new challenges and opportunities emerging from the globalisation process for the outermost regions.
3. And finally, the main lines which, in my view, should guide our work in preparing the post-2013 exercise.

- **Content and purpose of the Communication**

The Commission adopted a Communication the 12th of September 2007 on the "Strategy for the Outermost Regions: Achievements and prospects". As you know, this was a follow-up to the groundbreaking strategy of 2004. The aim of the new Communication is threefold:

- it presents the results of the strategy for the outermost regions since 2004;
- it proposes a number of additional measures to strengthen its implementation and lastly;
- it opens the debate for the future developments of the strategy.

- **Results of the strategy**

The results of the implementation of the European strategy for the outermost regions have been important. Indeed, all of the key EU instruments for the economic and social development of these regions have been redefined and revised to take into consideration the special situation of the OR's.

To give a few examples: the revised cohesion policy included a special financial allocation for the outermost regions. There are specific provisions in favour of the outermost regions in the context of the reform of agricultural market organisations. There is also the preferential treatment of the outermost regions in the new guidelines on national regional aid.

The overall coordination of policies to cater for the special OR's needs has thus been done.

- ***Strengthening the strategy***

Nevertheless, the strategy also needs strengthening in the three priorities that were identified in 2004: 1) improving accessibility for outermost regions, 2) increasing the competitiveness and 3) the regional insertion.

The activities proposed to strengthen the priorities concern the use of the cohesion policy to offset transport costs and develop broadband infrastructure. The activities proposed also concern how we can build capacity in the research and development, joint innovation strategies and how to include the OR further in the 7th framework programme. We also propose activities to further coordinate the multitude of funds and instruments available to the OR in order to facilitate the investments into cooperation projects with your neighbours.

I will not go into further detail about the activities proposed in the Communication but I will come back to particular key areas when I touch on the globalization challenges and opportunities.

- ***The new issues flagged in the communication***

There are also new issues that are flagged in the communication: climate change, the demographic evolution and migration, the future of agriculture in the outermost regions and the role of your regions in the EU maritime policy.

You would agree with me in noting the importance of these issues and I strongly believe that we cannot build a new strategy ignoring those four themes.

May I add that your interventions today have clearly confirmed this opinion even if these are not the only themes of interest for the future.

I'm certain that we all agree today that we can push the 2004 strategy further. I am confident that the Regions will grasp the opportunities in order to reinforce the 2004 priorities.

- ***New challenges and opportunities emerging from the globalisation process***

Mr President

Turning now to the new challenges and opportunities, which is the second point that I wish to present.

For this Conference you choose to put a particular focus on the globalisation and the role of outermost regions in this context.

During the previous interventions, you, as well as the other Presidents, underlined very eloquently the necessity for the outermost regions to prepare for confronting new challenges.

I fully agree with you that in confronting globalisation, it is not an option to deny it.

As I said in my introductory remarks, globalisation is a fact. We have to take it on board and it is a necessity and an imperative for everyone to react, respond and take up the challenge.

I am indeed convinced that globalisation should be seen as an opportunity rather than as a threat.

Nevertheless, in order to benefit from globalization there is a need to make a positive case for it; a need to argue that it is not just negative; that it is not just about the threats. That it is about cheaper goods, lower interest rates, more innovation, and stronger economic dynamism.

But in order to ensure that the opportunities generated by an ever more globalized economy are spread across European countries and regions, we need to modernise our economies and move towards a knowledge based growth, towards innovation, and new ways of doing business.

- ***Globalisation and the outermost regions***

But I will also agree with you that in the face of globalisation, the outermost regions are confronted with specific challenges and opportunities, and therefore need to design tailor-made strategies to face and take advantage of them.

Ladies and Gentlemen,

The cohesion policy is there to assist you in investing to meet these challenges. It is there for investing in infrastructure to reduce the accessibility problem. It is there to invest in innovation, in the environment and in helping your entrepreneurs to grow, taking into consideration the special situation of the OR's.

We have to face the reality: your regions experience a concentration of economic activity in sectors where competition from emerging or even developing economies is high.

In response, our first duty is to try to diversify the economic structure into new, growing sectors, and modernise existing activities to move up the value chain. This also brings home with force the need to improve the insertion of your regions in your neighbouring area. There is a variety of tools and financial instruments that will help you to achieve this, not only in the framework of the cohesion policy but also the European Development Fund or the future European Return Fund. In other words, the EU is well aware of the insertion and migration issues and has devised tools that will assist you in responding to them.

In that context, cohesion policy, which has traditionally been one of the most visible EU policies on the ground, has developed a powerful multi-level governance method involving a large number of partners at vertical (European Commission, Member States, regions, cities) and horizontal (socio-economic partners, NGOs, etc.) level with the aim of increasing the ability of the territories to better adjust to global challenges and to find suitable solutions.

Since this regional policy was set up, the poorest and the most disadvantaged regions have been able to reduce the gap, the distance in terms of their wealth and prosperity relative to the European average. This has also been the case for the OR's. Indeed, Madeira, our host, has raised its GDP/capita by five times since 1990.

At the same time, thanks to the formal recognition in the Treaty of their particular status, outermost regions benefit, in various policy areas, of a specific treatment. I strongly believe that we should pursue in that direction and I am committed to defining measures to compensate for their permanent handicaps.

But, again, I am also convinced that we need to increase our efforts in order to maximise in the outermost regions the opportunities arising from globalisation. Therefore, I can ensure you that regional cohesion programmes will support all forward-looking strategies anticipating change to adapt the economies in time.

- ***The post 2013 financial perspectives exercise***
- ***The roadmap to post-2013***

Finally, some words about the Roadmap towards the post 2013 financial perspectives exercise, a modern European Regional Policy, and a future partnership with the outermost regions.

The situation I referred to raise the question of how the current mix of EU policies should best reflect the challenges ahead. Following the recent adoption of the "issue paper" on the 2008/09 budget review, a public debate on the EU policies has just been launched.

With the benefit of an academic conference planned for March 2008 and a political conference in May/June, the elements for the Commission's conclusions will be put together towards the end of 2008. Of course it will not be before 2010, that the Commission will table its proposals for the next financial perspectives. With the recent Communication on the strategy for the outermost regions, my intention is to make sure that the future of the partnership with your regions will be fully addressed in the proposals.

Against this background, what could be the main issues at stake for cohesion policy beyond 2013 ?

- ***The post-2013 questions***

The Fourth Cohesion Report focuses on three groups of questions:

- The first group of questions takes stock of new, global developments which will have increasing impact on the EU economy in the years to come. To what extent will new policy challenges affect regional economies? How should they best respond to these challenges?
- The second group of questions looks at the possible responses that cohesion policy can develop to foster growth and development. Which new, competitive advantages and skills will our regions and citizens need to be competitive in the future? How important is the territorial/regional dimension in this respect?
- Finally, the last group of questions focuses in more detail on the way cohesion policy should operate in the future. How we can move towards a policy which is even more performance based and which can better adapt to a changing political environment. What allocation of responsibilities within the multi-level governance system? How to ensure better horizontal coherence between different sectoral policies?

These questions were on the table of the European Cohesion Forum which took place in Brussels last week. The Forum marked the start of the public consultation which will end in early 2008. Its result will be presented in the Fifth Progress Report on Economic and Social Cohesion which the Commission will adopt in the first half of 2008.

- **Conclusive remarks**

Dear President Jardim,

Dear Presidents,

I believe that you will agree with me about the importance of these questions for defining the future of a major European policy like Cohesion policy.

While the challenges lying ahead are complex, I remain convinced that European cohesion policy is well equipped to meet them effectively. The most important asset, as I mentioned, is the system of multi-level governance, based on accountability and partnership. This system which, on one hand, fosters economic efficiency and development through the co-operation between the European, national and regional levels, on the other, firmly anchors the policy in the Union's territories and hearts of its citizens.

I believe that it is equally important for us to examine the impact on the outermost regions of the various challenges outlined before as well as the opportunities they offer. As you know the communication launches a consultation process which will last until the end of March 2008. Ultimately, all the ideas which will emerge during this discussion will constitute the basis for the 5th Cohesion report in 2010.

I am confident, also encouraged by your interventions and comments of today, that the contributions we will receive will be instrumental in helping us to take things forward concerning our future priorities within the strategy for the outermost regions. I know that I can count on your full and strong support throughout this process.

Ending on a high note, I am glad to inform you that the Portuguese operational programmes, including Madeira, will be adopted in the next few days. Finally, I would like to thank all those involved in the negotiations of these programmes for their cooperation and constructive attitude.

Thank you for your attention.