



# **The future of cohesion policy: Addressing globalisation and technological change**

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# Future of the EU Budget

## Key issues:

- What should the future budget focus on?
- How should the future EU budget operate?
- How to raise revenue to support EU policies?

**Rome Declaration 2017 -**  
EU Leaders have pledged to work for:

- 1** A **safe and secure** Europe
- 2** A **prosperous and sustainable** European Union
- 3** A **social** Europe
- 4** A **stronger** Europe on the global scene

**Eurobarometer 2017 -**  
EU citizens are concerned about:

**TERRORISM / SECURITY**

**MIGRATION**

**ECONOMIC SITUATION**

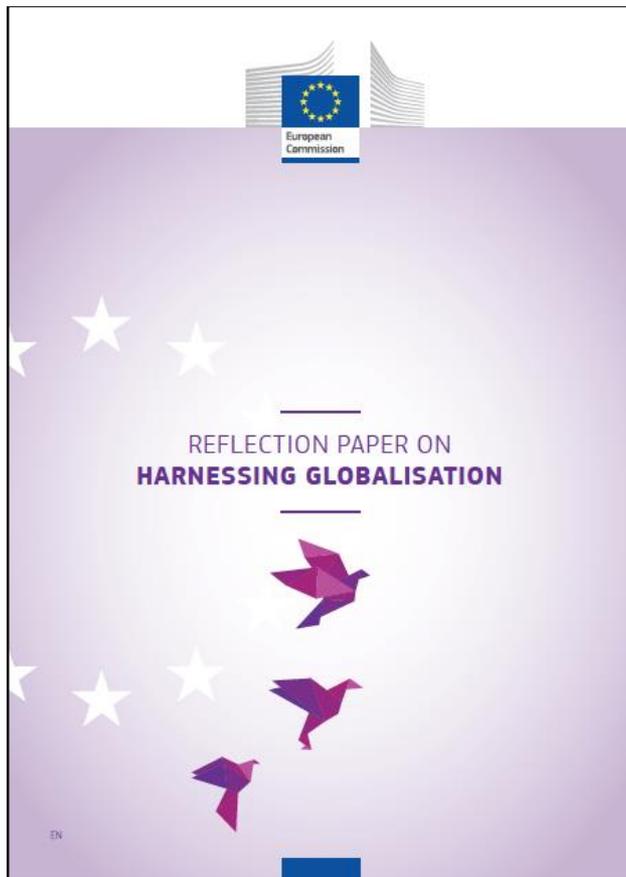
**UNEMPLOYMENT**

**CRIME**

**EU'S INFLUENCE  
IN THE WORLD**

**CLIMATE**

# Responding to concerns about globalisation and technological change



## Building resilience through better sharing of benefits and promoting of long term competitiveness

- Robust social and education policies are key to ensuring resilience and fair distribution of wealth
- Major efforts are needed to make Europe a more competitive and innovative economy
  - Innovation, Investment, Sectoral Policies, Regulation and Taxation
- In close partnership with empowered regions

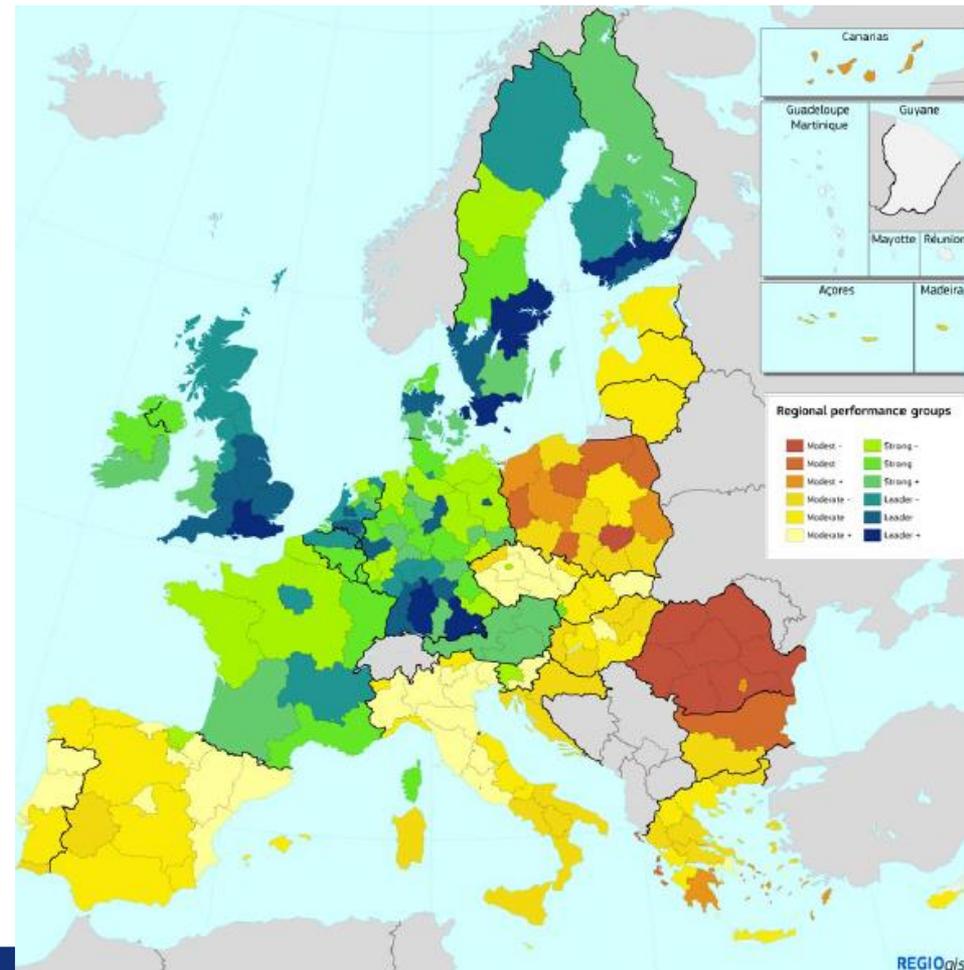
We need a vision for the future **to modernise our economy** by embracing digitalisation, technological and social innovation, decarbonisation and the circular economy.

Fundamental economic, social and environmental transformation happens at the local level, where business, civil society, administrations and people interact

# A growing innovation divide

Regional **Innovation** Scoreboard 2017

- *The 2017 Innovation Scoreboard shows that several Member States perform less well than China and 5 member states less well than Turkey.*
- *The Regional Innovation Scoreboard shows 24% of EU regions are considered an innovation leader.*
- *Only one in ten EU regions has an R&D intensity that reached the Europe 2020 3% target of R&D expenditure in GDP.*
- *Regional innovation performance has diverged since 2011.*
  - It has increased for 60% of all regions, but declined for all regions in Romania, and for more than 50% of regions in the Czech Republic, Denmark, Finland, Germany, Hungary, Portugal and Spain.
  - In Italy, in 12 regions performance has have improved, while in 8 it has declined.



# How to address globalisation and technological change through cohesion policy?

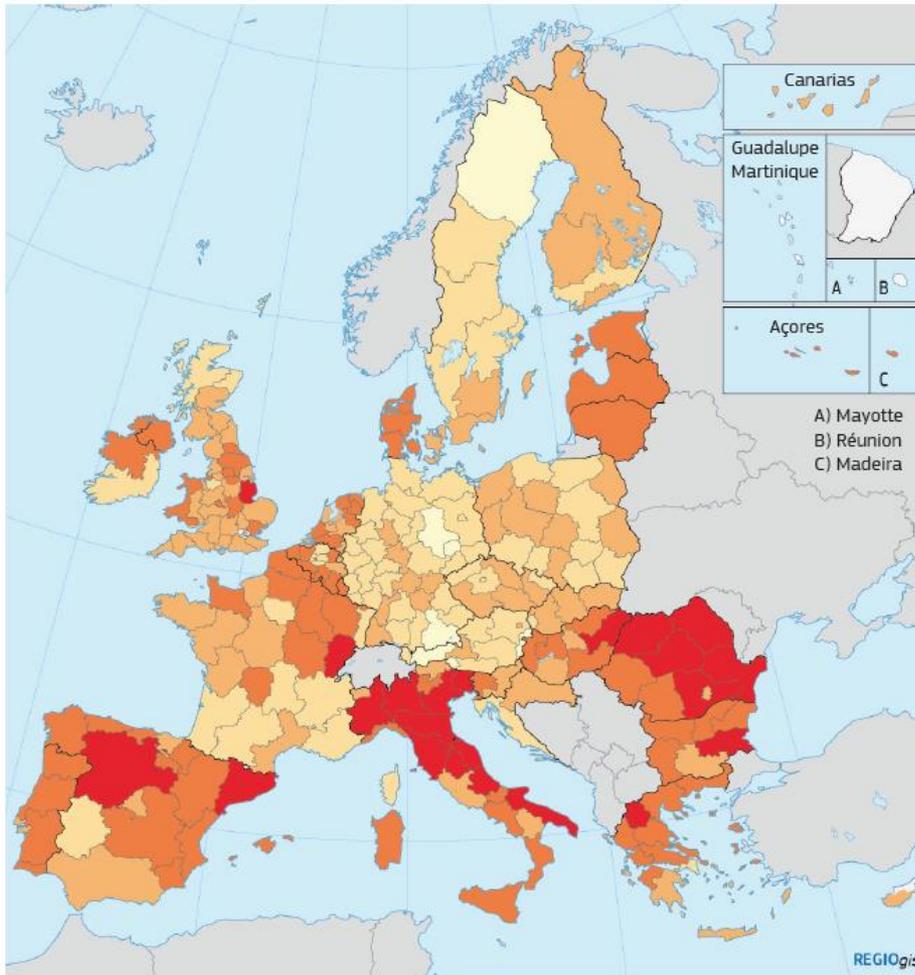
## Work with regions to

- Target regional and local investment needs, skills gaps and regulatory obstacles
- Develop smart specialisation strategies to build on strengths to
  - Help regions identify how to move up value chains and stimulate private investment
  - Target investments on key priorities and challenges
  - Encourage disruptive and high-tech innovation but also broad innovation in traditional sectors
- Encourage a stronger focus on inclusive growth

## Strengthen connections in the Single Market and ERA to

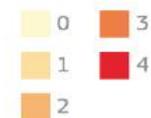
- Match public and private capacities across regions
- Create economies of scale
- Increase participation in global value chains
- Improve international access to skilled workers and research networks<sup>5</sup>

# A stronger focus on industrial transition



## Risk factors linked to globalisation and technological change

Number of risk factors out of 4 (see footnote)



A risk factor is defined as a negative value for the first indicator and a value above the EU regions average for the next indicators:

- Employment growth in the industry between 2000 and 2013 (EU: -1.3%)
- Share in employment of low-technology manufacturing, 2015 (EU: 5.5%)
- Share of people between 25 and 64 with a low educational attainment, 2015 (EU: 23.3%)
- Change in manufacturing ULC between 2003 and 2013 (EU: 14.3%)



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## Development of a comprehensive strategy for economic transformation

- Broad innovation and inclusive growth building on smart specialisation strategy
- Multi-sectoral focusing on jobs, industrial sectors, business models, economy and society as a whole
- Addressing globalisation, automation, decarbonisation, emerging and digital technologies, skills and investment



# Promoting innovation investment across regions

Stronger strategic **inter-regional** cooperation and sustainable linkages between **regional ecosystems** along **smart specialisation** priority areas can help increase **diffusion** and encourage **non-linear** and **open innovation**

## Already existing models of cooperation:

**Thematic Smart Specialisation Platforms:** joint EC's initiative set up in December 2015. They focus on industrial modernisation, energy and agri-food. More than 80 regions around 17 partnerships.

**Vanguard Initiative:** a network of 30 EU regions with strong political commitment to use their RIS3 to boost new growth. It seeks to help regional clusters and ecosystems to focus on priority areas for transforming and emerging industries.

## Where is there a need for additional EU support?

- Encourage the commercialisation and scale-up of inter-regional innovation projects
- Incentivise joint business investment through national and EU instruments
- Leverage other large European R&I initiatives with these platforms and their regional partnerships



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## Test new ways to:

- Commercialize and scale-up interregional innovation projects that can create or reshape European value chains
- Attract private investment for promising innovation projects
- Explore and strengthen synergies between different EU instruments (ESI funds, the Investment Plan, Horizon 2020, COSME)

THEMATIC AREA	COORDINATED BY	LEAD REGIONS	PARTICIPATING REGIONS
 3Dprinting	Thematic Smart Specialisation Platform for Industrial modernisation	Flanders (BE), Noord-Brabant (NL), Norte (PT)	Emilia-Romagna (IT), Wallonia (BE), Lombardy (IT), Aragon (ES), Saxony (DE)
 Bio-economy	Thematic Smart Specialisation Platform for Industrial modernisation	Flanders (BE)	Wallonia (BE), Lower-Austria (AT), North Rhine-Westphalia (DE), Emilia-Romagna (IT), Navarra (ES), Noord-Brabant (NL), Helsinki-Uusimaa (FI), Łódźkie (PL)
 Cybersecurity	New thematic area	Brittany (FR)	Estonia, North Rhine Westphalia (DE), Central Finland (FI), Castilla y Leon (ES)
 De- & re-manufacturing for circular economy	Thematic Smart Specialisation Platform for Industrial modernisation	Lombardy (IT)	Tampere (FI), Norte (PT), Scotland (UK), Saxony (DE), Basque Country (ES), Flanders (BE), Emilia Romagna (IT)
 High-tech farming	Thematic Smart Specialisation Platform for Agri-food	Tuscany (IT)	Estonia, Flanders (BE), Weser-Ems (DE), Central Macedonia (EL), West Macedonia (EL), Galicia (ES), Extremadura (ES), South Ostrobothnia (FI), Pays De la Loire (FR), Marche (IT), Veneto (IT), Emilia-Romagna (IT), North-East Romania (RO), East Central Sweden (SE), Northern Netherlands (NL), Gelderland (NL), Noord-Holland (NL), Zuid-Holland (NL), North-Brabant (NL), Limburg (BE), Northern Ireland (UK), Centro (PT)
 Marine renewable energy	Thematic Smart Specialisation Platform for Energy	Basque Country (ES) & Scotland (UK)	Asturias (ES), Andalucía (ES), Navarra (ES), Norte (PT), Flanders (BE), Emilia Romagna (IT), Lombardy (IT), South Denmark (DK), Skåne (SE), Dalarna (SE), Ostrobothnia (FI), Brittany (FR), Cornwall (UK), Sogn og Fjordane (NO)
 Sustainable buildings	Thematic Smart Specialisation Platform for Energy	Andalucía (ES)	Friuli Venezia Giulia Region (IT), Central Slovenia (SI), South Karelia (FI), Provence-Alpes-Côte-d'Azur (FR), Algarve (PT)
 Traceability and big data in agri-food	Thematic Smart Specialisation Platform for Agri-food	Andalucía (ES), Emilia-Romagna (IT)	Pays de la Loire (FR), Friuli Venezia Giulia (IT), Aragón (ES), Extremadura (ES), Pazardzhik (BG), South Ostrobothnia Region (FI), South Savo (FI)

# Improving the performance of cohesion policy

- Stronger links with economic governance
- Structural reforms (2014-2020 pilot and post-2020)
- Role of ex-ante conditionalities
- Performance and the delivery of results
- Payments based on result/conditions

# Making cohesion policy more simple and flexible

- Single/common rule book
- Flexibility
- Simplification of management and control system
- Reporting simplifications
- Financial instruments
- Better synergies/demarcations with other EU instruments
- European territorial cooperation

## Overall timeline – next steps

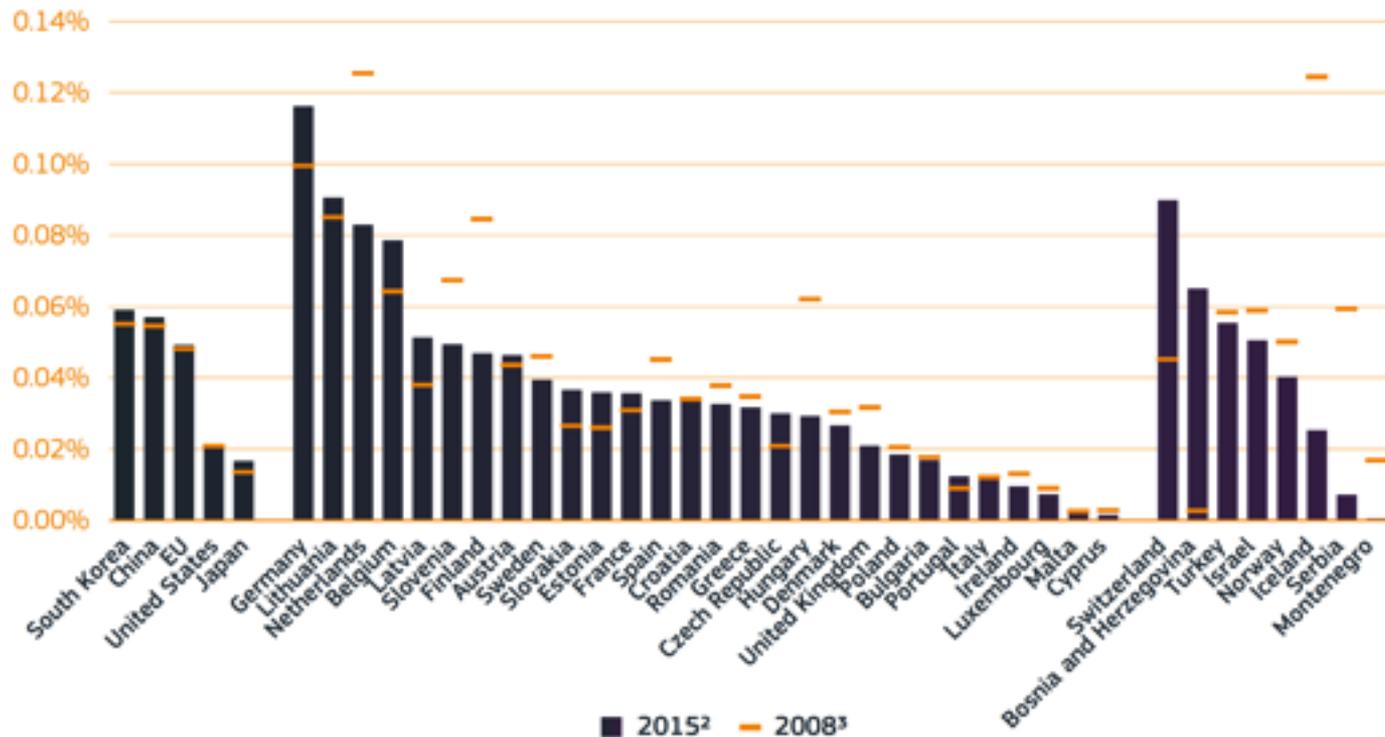
- Preparation of the next Multiannual Financial Framework MFF
- Impact Assessment – internal preparations are underway
- The adoption of the legislative proposals to follow the MFF proposal (to be adopted in May)
- Legislative negotiations and adoption of legal framework
- First stage of pilot projects to be completed in 2018
- Informal discussions of new programming period to start in autumn 2018, including next generation of RIS3 strategies
- 1 January 2021: Start of new period



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***Thank you!***

**Figure I.4-B.7 Public expenditure on R&D financed by business enterprise<sup>1</sup> as % of GDP, 2008 and 2015**



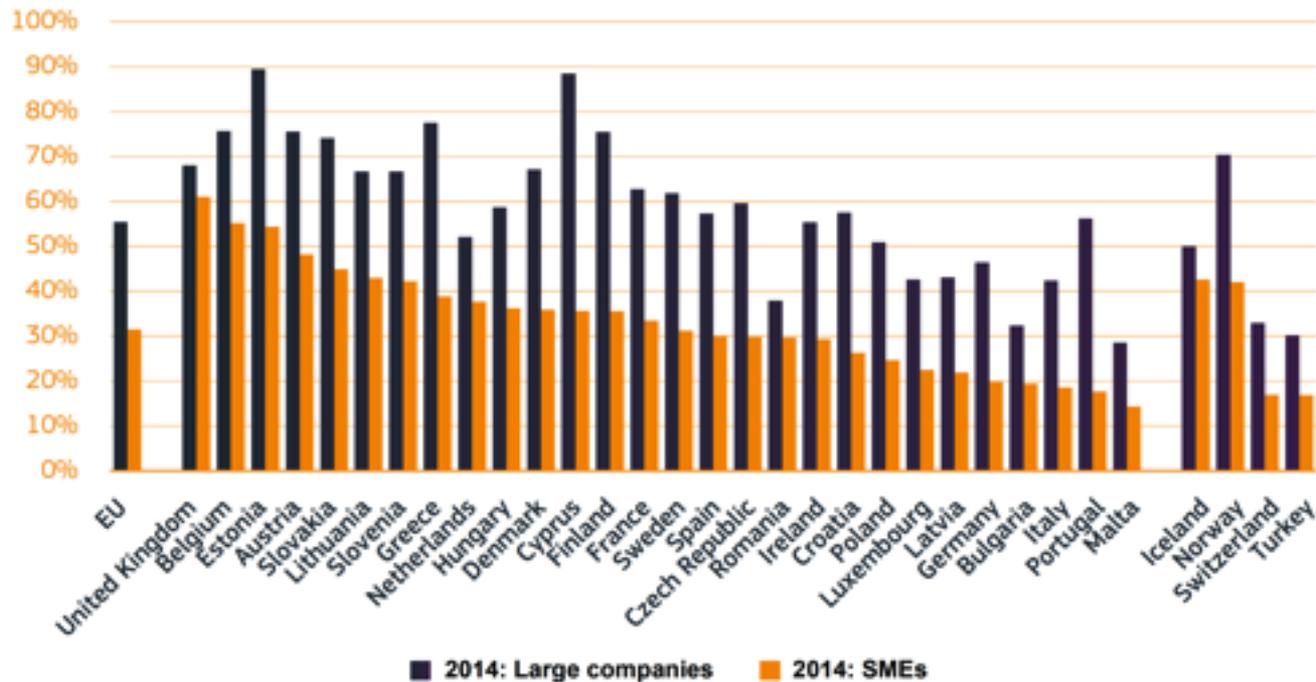
Science, Research and Innovation performance of the EU 2018

Source: DG Research and Innovation - Unit for the Analysis and Monitoring of National Research and Innovation Policies

Data: Eurostat, OECD

Notes: <sup>1</sup>Public expenditure on R&D financed by business enterprise does not include financing from abroad. <sup>2</sup>IL: 2013; FR, BA: 2014; EL, IS, RS: 2016. <sup>3</sup>DK, LU, NL, AT, SE, NO, RS: 2009; EL, ME: 2011, BA: 2012.

**Figure I.4-B.3** % share of innovative enterprises<sup>1</sup> involved in any type of cooperation, 2014



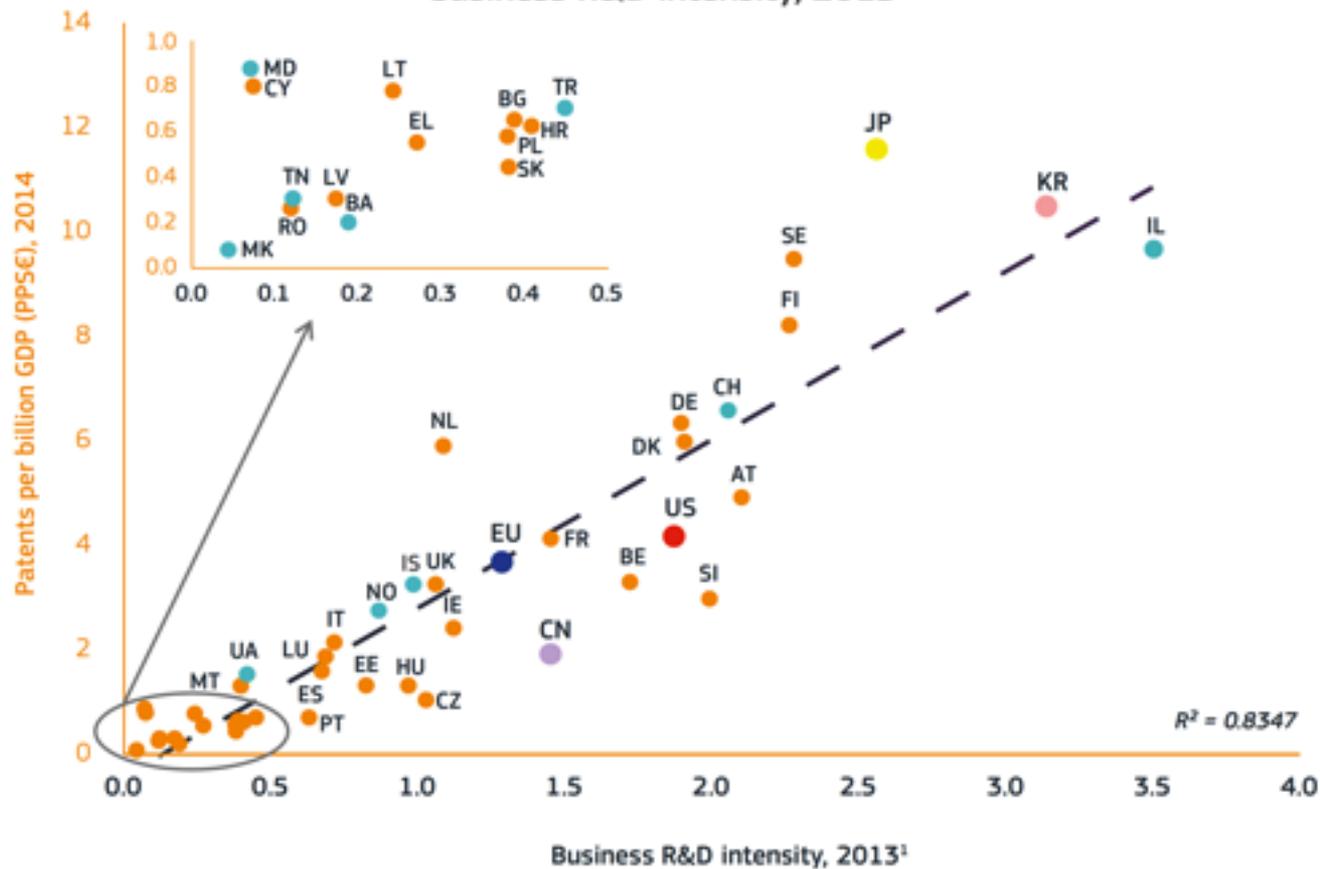
Science, Research and Innovation performance of the EU 2018

Source: DG Research and Innovation - Unit for the Analysis and Monitoring of National Research and Innovation Policies

Data: Eurostat (CIS 2014)

Note: <sup>1</sup>Product and/or process innovative enterprises, regardless of organisational or marketing innovation (including enterprises with abandoned/suspended or ongoing innovation activities).

**Figure I.4-C.9** Patent applications per billion GDP (PPSE), 2014 and business R&D intensity, 2013



Science, Research and Innovation performance of the EU 2018

Source: DG Research and Innovation - Unit for the Analysis and Monitoring of National Research and Innovation Policies

Data: Eurostat, OECD, UNESCO (UIS database)