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Will the 21st Century be European?

Europa Forum Luzern

Luzern, November 10

Madam Minister, Ladies and Gentlemen,

Let me start my reflections on the future of the European Union by looking back at its origins. One factor which was decisive in its success was the willingness of the Member States to work together. Schuman and Monnet knew that Europe, devastated by the war, could build peace, rebuild its economy and regain influence in world politics only through common action. This conviction is reflected in the well known words of the preamble to the Rome Treaty: "determined to lay the foundations of an ever closer union among the peoples of Europe, resolved to ensure the economic and social progress of their countries by common action".

Recent events remind us that this message is as valid today as it was 50 years ago. The global economy has faced into a serious downturn with negative impacts on our welfare. And the conflict between Russia and Georgia reminded us that the peace and security we enjoy is a fragile good and cannot to be taken for granted.

The lesson to be drawn from the history of European integration is that when, and only when, the EU is united, it is capable of solving its own problems and of being an important player on the world stage. In the 70s, the way out of a prolonged period of economic stagnation in the Union – following the energy crisis – was deepening of economic integration in the 80s, trade liberalisation and the creation of Single Market. The EU's response to the conflict between Georgia and Russia, I am convinced, has been decisive because it has been a joint action.

We need to show this unity of purpose with regard to the Lisbon Treaty. We need a new Treaty not only for the practical change it offers but also as a symbol, as a renewed expression of trust in each other, of our willingness to take on, together, responsibility for Europe's future. To use more poetic expression, Member States need to renew their vows to the European project.

Clearly, the Union will not cease to function without the new Treaty. Our objective however is not to make it function "somehow", but to make it function "well". We need the means to launch policies that will meet such challenges as living up to environmental problems, helping us develop our relations with third countries, fight against poverty in the world, combating the threat of terrorism, and assuring energy supplies. We need an effective system of functioning for 27 Member States and almost 500 million citizens and suited to realities different from those faced 50 years ago by the six founding Member States.

We need to show this unity of action when it comes to climate change. We all agree that this is a major challenge, not least due to its asymmetric impact on the territories throughout the world. Natural disasters will generate massive waves of migration. Some will be caused by sudden crises; others will be the result of gradually deteriorating living conditions. The resulting social, ethnic and economic problems will need new forms of government. Europe's half century of integration and reconciliation may inspire new approaches of dealing with these issues.

But climate change is also an opportunity for Europe's businesses, which are at the forefront of clean technologies. Thus the climate package recently adopted by the European Commission is a unique chance to embark on a new path of growth, to benefit from a dividend similar to the one enjoyed by the countries which pioneered the industrial revolution in the 18<sup>th</sup> and 19<sup>th</sup> century. I see it as a chance for Europe to lead the revolution, after which competitiveness will be measured by the level of energy consumption and by innovative environmental technologies.

The other lesson we can draw from the past is that strong Europe means an open Europe in interdependent world. It is only in this scenario, that Europe has the potential to continue to play an important role as an attractive model of development – even though its share in terms of world population or GDP will inevitably shrink. Today high rates of economic growth are enjoyed by those who quickly react to new opportunities opening up in the global economy, who invest in human capital, in innovation, research and development. In brief, those who are

able to change at the pace matching the changes in the world around them.

Thus Europe cannot shut its door to globalisation. Take for example the recent failure in the Doha negotiations – which seems to make happy those who believe that we can continue to protect our farmers from external competition. They forget, however, that without access to the industrial markets of countries such as Brazil, India and China our economies will have no chance to grow. Economic internationalism and trade liberalisation is in the interest of Europe, the greatest exporter in the world, and in the interest of Switzerland – the second economic partner of the Union.

Let me welcome on this occasion the recent launch of negotiations on trade liberalisation in agricultural products between the Union and Switzerland. I guess that this message should resound particularly well in Luzern. Wasn't it the opening of the Gotthard pass which created a new impetus for growth in Luzern, with merchants setting out on the long trans-Alpine journey?

Globalisation means also new opportunities for co-operation. We all know that the geostrategic power centre is shifting towards the east. The emergence of China and India as economic growth poles will sooner or later translate into political power. For us in Europe this is an opportunity. Already today, China imports much more from the European Union than from the United States.

We must develop economic cooperation between our two continents. The present financial turmoil is also an opportunity to coordinate policies more closely with our Asian partners. Exchange rate stability is as important for Asia - and for ASEAN in particular - as it was for the European Community in the past. Of course we are far from an Asian monetary system, but regional financial integration in Asia has progressed significantly since the financial crisis ten years ago. Europe's experience may be useful for others, and in fact they are looking in our direction in search of inspiration.

Clearly, globalisation is also giving rise to fears among our citizens. I can understand that – it is not easy to accept the necessity to change a job or move into new business only because somewhere far away somebody is doing the same thing but at a lower cost. And, in the minds of Mr Smith or Herr Meier this is not offset by the fact that many more can today afford buying a GSM made in China.

Climate change, shifts in global competition patterns will stay with us for decades to come. At the same time we will continue to be exposed to aging to which migration might provide some answers but not without bringing in new challenges. We can make all these pieces of a jigsaw find their place only when we will be able to pursue the road of innovation, reforms and change.

This takes me to the area for which I am responsible in the European Commission – regional policy. This is perhaps the best example of a

European policy which involves people, where decisions are taken close to the citizens and where they can participate in the policy design and management. Indeed, this is also the case for your new regional policy, which is implemented primarily by the cantons.

I think that there are three reasons which - against the backdrop of globalisation - make this policy so attractive today, not only for Switzerland and European Union but also for countries such as China, Russia and Brazil which co-operate today with us, wanting to follow on the European approach.

Firstly, one of the paradoxes of our world is the increasing importance of what is happening in our vicinity. In the global reality, people confronted with new information, advancing technologies, competition coming from remote countries they cannot even locate on the map, rediscover the local community, their region or canton where they live and work. Regional policy, by involving local and regional levels in the policy design and delivery, matches these expectations.

Secondly, being competitive today means being innovative. And innovation can be best fostered within local and regional economies, through co-operation between local public and private actors and across sectoral and administrative divisions, including national borders. Switzerland which is at the heart of Europe is a key partner for such a co-operation: 18 Swiss cantons, representing 80% of its territory, participate in projects with border regions of the European Union.

The ultimate lesson is that countries can unlock their full growth potential only if they manage to exploit growth opportunities in all regions, both developed and developing. Faced with globalisation, people need to believe that they "will never walk alone", as the famous song of Liverpool soccer fans goes. That their territory can contribute to the overall prosperity of the Union.

Ladies and gentlemen,

Today, more than ever, we should be "conscious that all peoples are united by common bonds, their cultures pieced together in a shared heritage, and concerned that this delicate mosaic may be shattered at any time" (*as stated in the preamble to the Rome Statute*).

That is why the primary task and responsibility for European politicians – instead of playing on existing fears - is to convince our citizens that isolation is not a solution and that faced with challenges we have to be united. Paul Henri Spaak used to say that in Europe we have small states and small states which do not know that they were small. So, we all should still feel bound by the words written by Europe's founding fathers, by the conviction that our values, our cultures and interests are so closely intertwined that we have to look together into the future.

Thank you for your attention,