



European Union

“International cooperation and regional innovation policy”

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European Commission

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I. Introduction: the international dimension of EU regional and urban policy



Regional and urban policy in EU policy dialogues

- Policy dialogues exist between the EU and non-EU countries
- Concern among mature and emerging economies to create more sustainable models of development in economic (diverse, innovative, competitive...), social (inclusive...) and environmental (energy efficient, climate change resistant...) terms
- Regional and urban policy is increasingly included in the policy dialogue process (with political mandates from Summits with EU strategic partners structuring cooperation). Part of move from 'development aid' to 'cooperation'
- Strong European Parliament support (and resources) for this form of cooperation

EU external policy priorities: some examples

China: Communication 'EU Strategy towards China' (2001). Action point:

"Establish an exchange of experience between both sides' authorities responsible for regional policy, with the objective of contributing to the establishment of a policy for reducing regional disparities in China."

Partner: National Development and Reform Commission

At present, 14 international cooperation agreements signed with the Commission

Since 2006, 14 regional and urban policy cooperation agreements have been signed between the EU and countries outside the EU: Brazil, Russia, India, China, Ukraine, Moldova, Georgia, Japan, Chile, Peru, Mexico, SICA, Colombia, Argentina





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The cooperation agreements take the form of MoUs (now Letters of Intent)

MEMORANDUM OF UNDERSTANDING ON REGIONAL POLICY COOPERATION BETWEEN THE EUROPEAN COMMISSION AND THE NATIONAL DEVELOPMENT AND REFORM COMMISSION OF THE PEOPLE'S REPUBLIC OF CHINA

Directorate General for Regional Policy of the European Commission and the National Development and Reform Commission of the People's Republic of China have decided to **set up a Structured Dialogue on Regional Policy** with the following principles, objectives, content and organisation:

1. PRINCIPLES

The structured dialogue on regional policy between the Directorate General for Regional Policy of the European Commission and the National Development and Reform Commission is the forum where all related regional policy issues can be discussed.

2. OBJECTIVES

- (1) Promote mutual understanding and bilateral co-operation in the field of regional policy;
- (2) Establish communication channels so as to strengthen the exchange of information.

3. CONTENT

- (1) Exchange information on policies contributing to growth, competitiveness and employment and to achieve a better territorial balance.
- (2) Exchange information of our experiences in setting up and implementing regional policy
- (3) Exchange views on governance and partnership issues.
- (4) Any other topics of mutual interest relating to regional policy

4. ORGANISATION

- (1) Both sides nominate senior officials as co-chairperson for the dialogue and establish contact points in the Directorate General for Regional Policy of the European Commission and the National Development and Reform Commission. Both sides will be responsible for the co-ordination of the dialogue. According to the needs, both sides may decide to set up ad-hoc technical working groups to work together on specific issues and to facilitate discussions at expert level.

- (2) The level and composition of the delegations in the meetings will be decided by each side in consultation with the other. It is understood that both sides will call upon relevant stakeholders to participate in the dialogue. At least one meeting will take place each year. The precise agenda for each meeting will be decided beforehand between both sides. Both sides may invite other Ministries and Directorates Generals to take part in the meetings subject to need and agreement by both sides. There should be mutually agreed minutes in English and Chinese after every meeting.
- (3) The venue for the meetings will alternate between the European Union and China unless otherwise decided.
- (4) Specific events can be jointly organised as appropriate.
- (5) Both sides bear their own delegation's cost of the participation in the dialogue. One side will provide active support and assistance to the other. The cost of the agreed specific events will be decided in consultation between both sides.

This Memorandum of Understanding records political intent alone and provides for no legal commitment.

Done in Beijing on the 15th May 2006 in two original copies, each of them in English and Chinese.

Commissioner Danuta Hübner
Member of the European
Commission
Responsible for Regional Policy

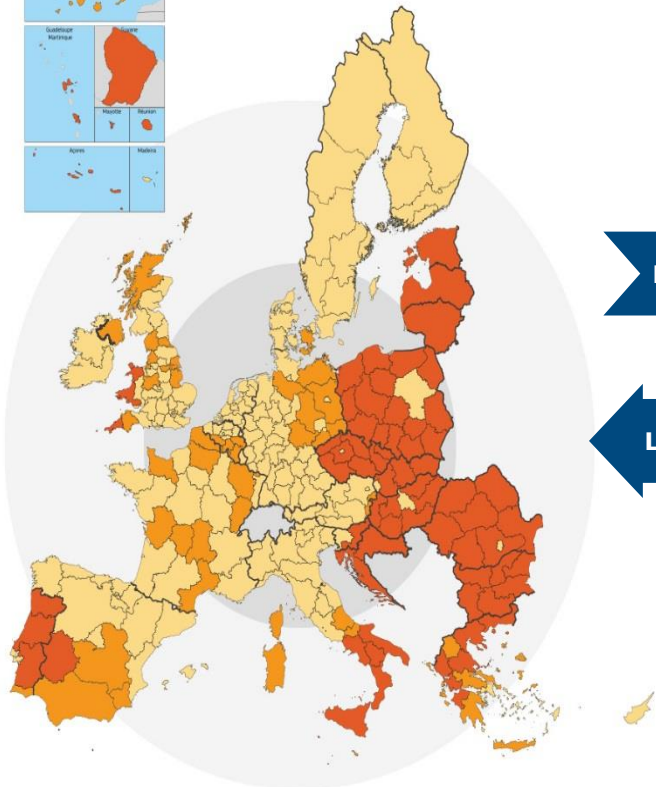
Mr. Zhu Zhixin
Vice Chairman of
National Development and Reform
Commission

II. Six main areas of EU Regional and Urban Policy that feature in international cooperation with non-EU countries



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1. Delivering investment through an area-based approach, targeting regions, cities and cross-border areas



LEVEL OF INVESTMENT

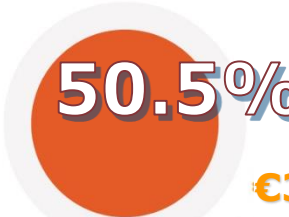
ADAPTED TO

LEVEL OF DEVELOPMENT

ALL EU REGIONS BENEFIT

€ 182 billion

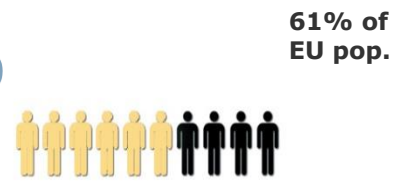
for less developed regions
GDP < 75% of EU-27 average



€35bn for transition regions
GDP 75-90% of EU-27 average



€54bn for more developed regions
GDP > 90% of EU-27 average





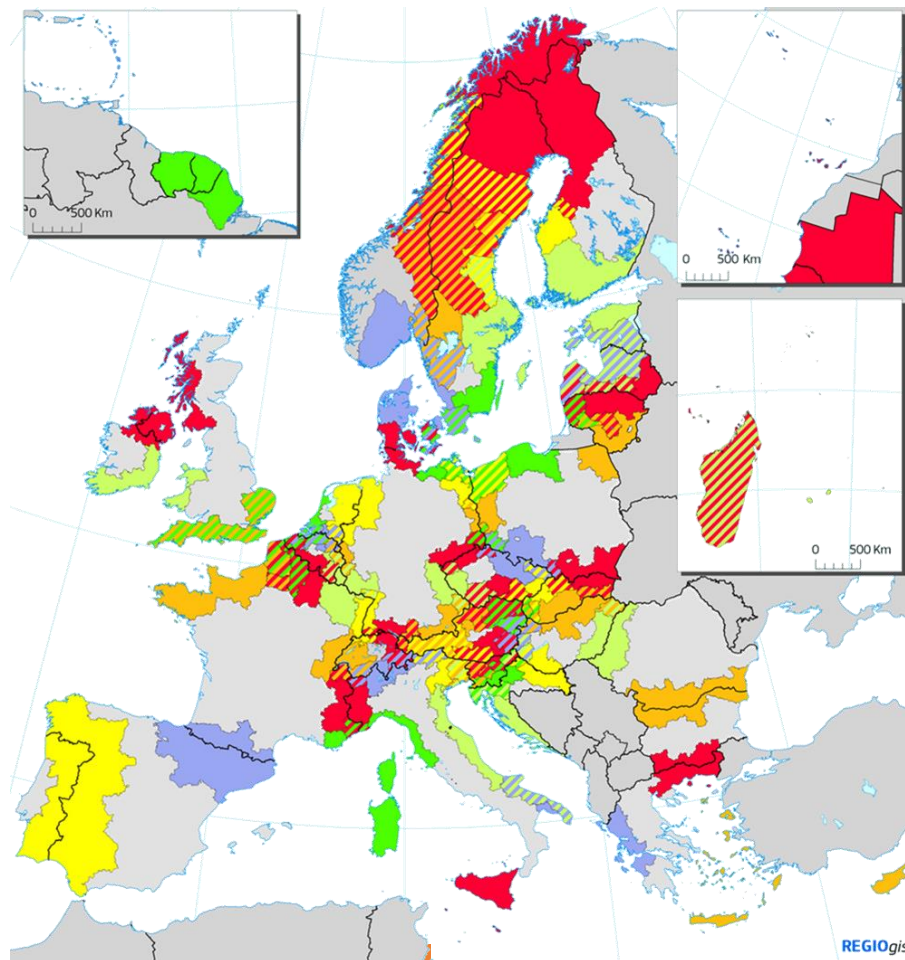
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2. Learning from 27 years of experience in cross-border cooperation in diverse situations

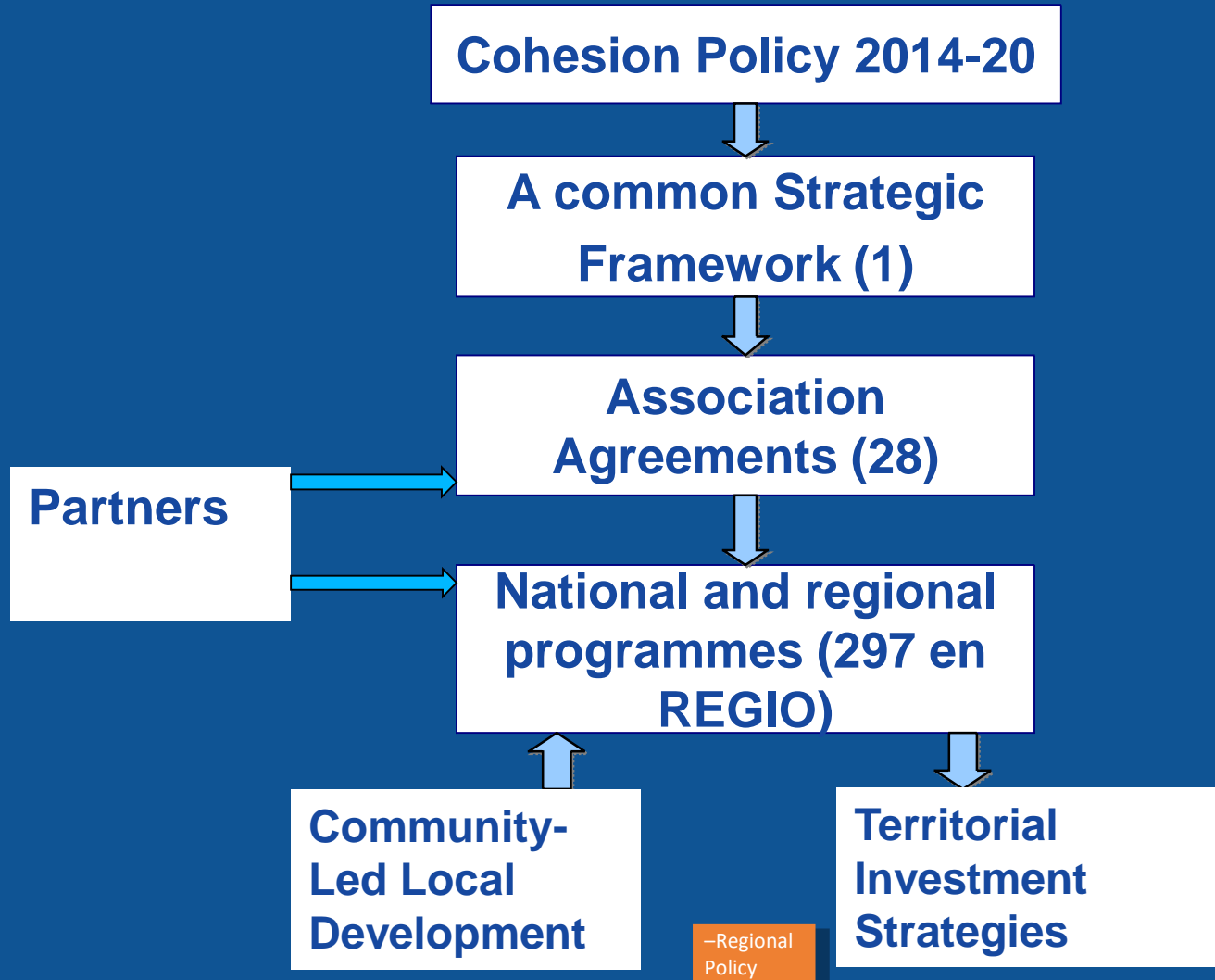
3 strands:

- Cross-border
- Transnational
- Interregional

2.9% of EU
cohesion policy
budget



3. Understanding EU Multi-level Governance



4. Promoting the multi-sectoral urban development policy model

- **Developing ideas: creating a specific Urban Agenda for the EU and the global New Urban Agenda (including 3 voluntary commitments made by the EU in Quito)**
- **Investing in urban development programmes: in the EU, at least 5% of European Regional Development Fund (ERDF) should be invested in integrated sustainable urban development strategies in each Member State. URBACT support for city-city cooperation**

5. Advising on the creation of supra-national development Funds

Current cooperation:



6. Promoting change: competitiveness and diversification through innovation, "Smart Specialisation Strategies" (S3)

- **Innovation is a priority for all EU regions: Integrated smart specialisation strategies respond to complex development challenges, adapting the policy to the regional context**
- **Supported by an S3 platform for technical support and exchanges of experience and best practice**

III. Current Opportunities for cooperation EU-China: IUC



Component 1 (city-to-city)

Participating cities:

- Establish city-to-city cooperation agreements for sustainable urban development
- Prepare Local Action Plans for integrated urban development
- Give priority to the sectors of the EU Urban Agenda and the New Urban Agenda (Habitat 3)
- Develop the multi-stakeholder approach
- Use the experience of the EU's URBACT programme for urban networking to support local action planning



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GLOBAL PAIRINGS: 128 cities



GLOBAL PAIRINGS: 128 cities

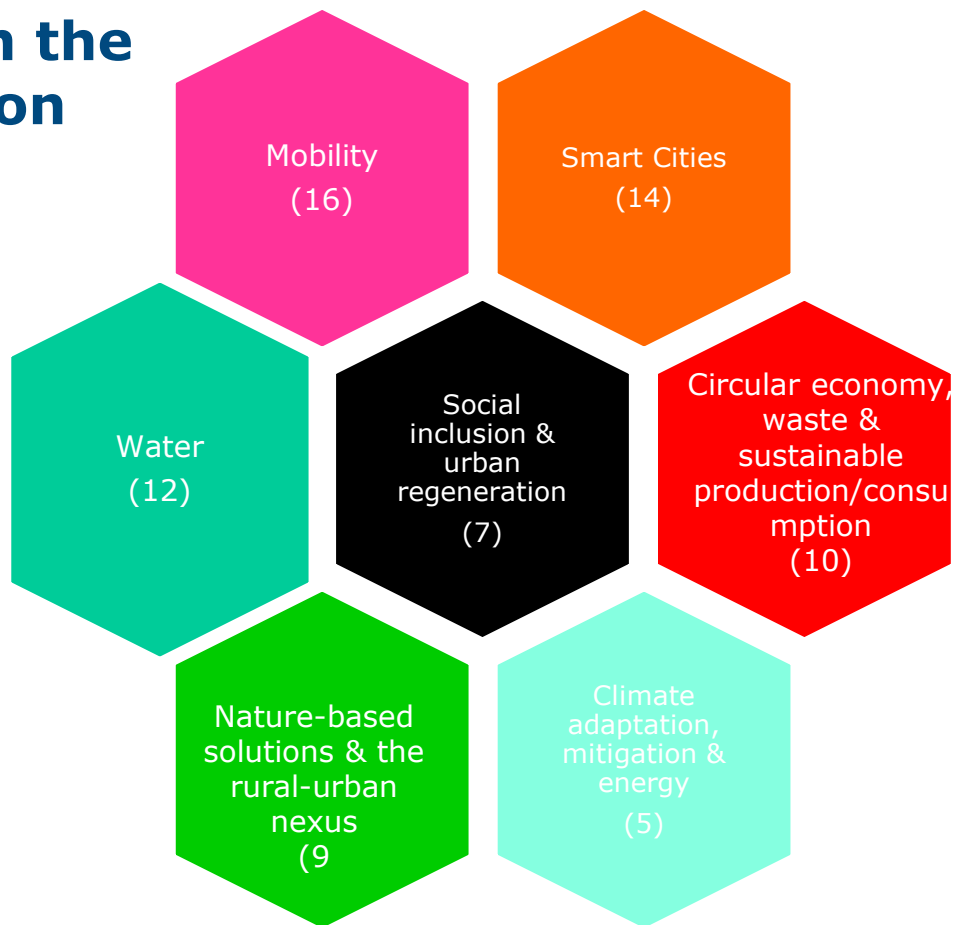
- **66 EU cities** form 21 countries
- 10 **Chinese** cities, +5 planned for 2019
- 8 **Japanese** cities
- 12 **Indian** cities
- 4 **Argentinean** cities
- **6 Brazilian** cities
- 5 **Colombian** cities in 4 pairings
- 3 **Chilean** and 3 **Peruvian** cities (2 to be launched)
- 6 **Canadian** cities
- 4 **Mexican** cities
- 6 **US** cities





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Themes in the cooperation



Component 2 (Covenant of Mayors)

Covers in addition: South Korea, Vietnam, Hong Kong, Indonesia, Malaysia, Singapore, Indonesia and all countries in Latin America and the Caribbean

Signatory cities and towns:

- commit to attain concrete targets in terms of climate change mitigation, adaptation and access to clean energy.
- prepare and implement local Climate Action Plans (CAP) to attain their commitments, focusing on practical and local policies and programmes which fall within the competence of local authorities such as building stock, local mobility, spatial planning and local climate-related infrastructures.
- signatory cities establish systems for independent monitoring, reporting and verification

Component 3 (region-to-region in LAC)

Participating regions will:

- agree EU-non-EU pairings at regional level to exchange experience on regional innovation
- promote the preparation of regional innovation systems (RIS) where they do not exist with the support of the Smart Specialisation (S3) platform established by the European Commission (including support for the on-line platform)
- identify viable pilot projects for implementation (outside IUC)
- promote trade, including EU business promotion, open up market opportunities, showcase European innovation, develop international value chains and thematic clusters

IUC C3 example of Brazil-EU regional cooperation

CIOESTE with Bielsko-Biała (Poland):

Planning and agreement phase: signature of MoU between development agencies that represent both regions followed by signature of Letter of Intent between the agencies and of MoU between universities; formalisation of collaboration and mutual representation between businesses

Paraná and Valencia (Spain):

Implementation phase: pilot project for a technological solution to monitor plagues affecting citrus in the state of Paraná based on Valencia experience; dealing with specific plagues in Valencia using knowledge of Paraná; pilot project, with software to be jointly developed on diagnosis methodologies



IUC C3 example of Brazil-EU regional cooperation (contd)

Brasilia with South Bohemia (Czech Republic):

Implementation phase: Brasilia-GDF has defined a pilot project on water treatment systems and their interrelation with organic food production systems; South Bohemia is proposing collaboration in off-grid energy solutions, especially battery technologies

Minas Gerais with Silesia (Poland):

Implementation phase: Identification of companies to develop renewable energy investment projects; design and development of operative efficiency projects for mining industry



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IV. Innovation: a challenge of the 21st century

Competitiveness and Innovation: WEF evidence

Global Competitiveness Index 4.0, 2018

- 1. United States**
- 2. Singapore**
3. Germany
- 4. Switzerland**
- 5. Japan**
6. Netherlands
- 7. Hong Kong SAR**
8. United Kingdom
9. Sweden
10. Denmark
-
- 15. Korea Rep**
- 25. Malaysia**
- 28. China**

A situation of equals:

→ 8 EU MS in the top 20

→ 6 Asian countries in top 20

86. Croatia

Source: Global Competitiveness Report 2018

Innovation Capacity Pillar Index, 2018

1. Germany
- 2. United States**
- 3. Switzerland**
4. South Korea
5. Sweden
- 6. Japan**
7. United Kingdom
- 8. Korea Rep**
9. Netherlands
10. Finland
-
- 14. Singapore**
- 24. China**
- 26. Hong Kong SAR**
- 30. Malaysia**

63. Croatia

→ 10 EU MS in the top 20

→ 4 Asian countries in the top 20



The new GCI 4.0 Index and the Innovation Pillar

“...the GCI 4.0 provides novel and more nuanced insights on the factors that will grow in significance as the 4IR gathers pace: human capital, **innovation**, resilience and agility. These qualities are captured through a number of new, critically important concepts (e.g. **entrepreneurial culture, companies embracing disruptive ideas, multi-stakeholder collaboration, critical thinking**, meritocracy, **social trust**) complementing more traditional components (e.g. ICT and physical infrastructure, macroeconomic stability, property rights, years of schooling).”

KLAUS SCHWAB, Founder and Executive Chairman, World Economic Forum

The GCI 4.0 Index and the Innovation Capacity Pillar: components

A. Interaction and diversity

- Diversity of workforce
- State of cluster development
- International co-invention
- Multi-stakeholder collaboration

B. Research and development

- Scientific publications
- Patent applications
- R&D expenditures
- Research institutions prominence index

C. Commercialization

- Buyer sophistication
- Trademark applications



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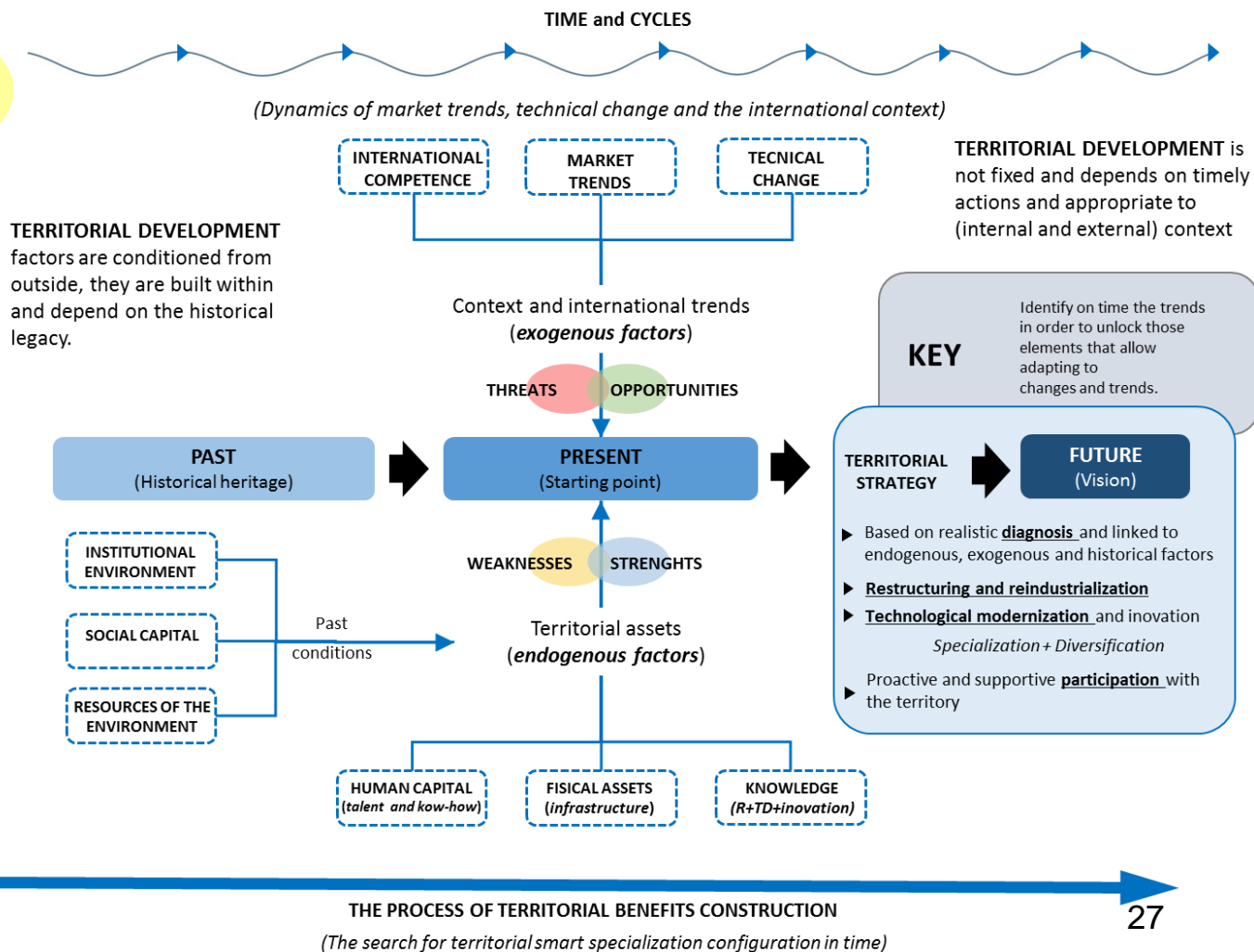
Innovation and territory in the EU: the RIS model

TERRITORIES now play a decisive role as scenarios in which competitive advantages are built that generate economic prosperity over time

A **deep reflection** on how it can be achieved from "our heritage" and current capabilities

A **strategic governance** process with those able to "move" the "snow ball"

Integrated Territorial Policy



RIS: the model





WHAT IS A RIS3 STRATEGY?

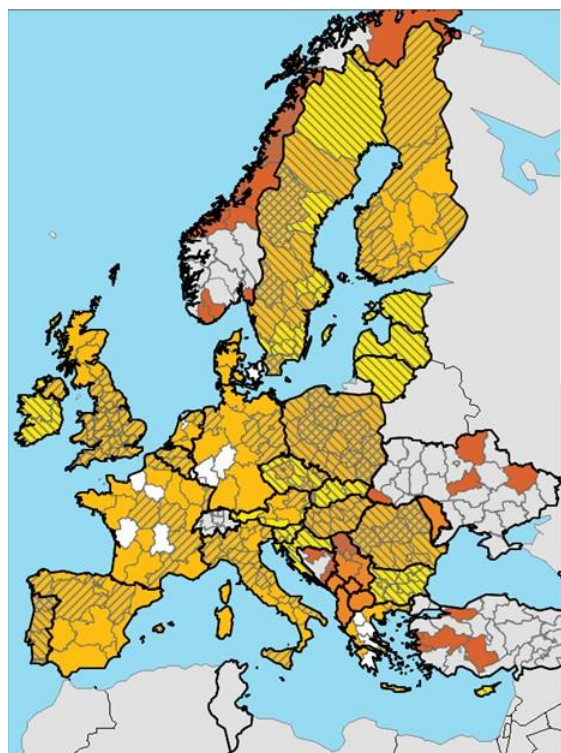
SUCCESS FACTORS

- 1) Long term focus/vision
- 2) Awareness of the being a process to an end, not a goal itself
- 3) Leadership engagement during the whole process
- 4) Adequate management structure
- 5) High level of social capital and trust
- 6) Broad participatory processes in definition and implementation
- 7) Real commitment (resources)
- 8) Open mind at all levels: absence of risk aversion



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RIS: “SMART SPECIALISATION” IN EUROPE



- **EU Countries: 18**
- **EU Regions: 180**
- **Non-EU Countries: 7**
- **Non-EU Regions: 18**
- **S3P Peer-reviewed Countries: 16**
- **S3P Peer-reviewed Regions: 72**

- Prioritization effort on most competitive niches (high tech)
- Search for positioning in international markets
- Focus in governance consolidation, entrepreneurial discoveries and evaluation/monitoring
- Challenges on implementation: changes in designing and delivering the policy (from financing to services).
- Collaboration within thematic platforms (agri-food, advance manufacturing, energy)



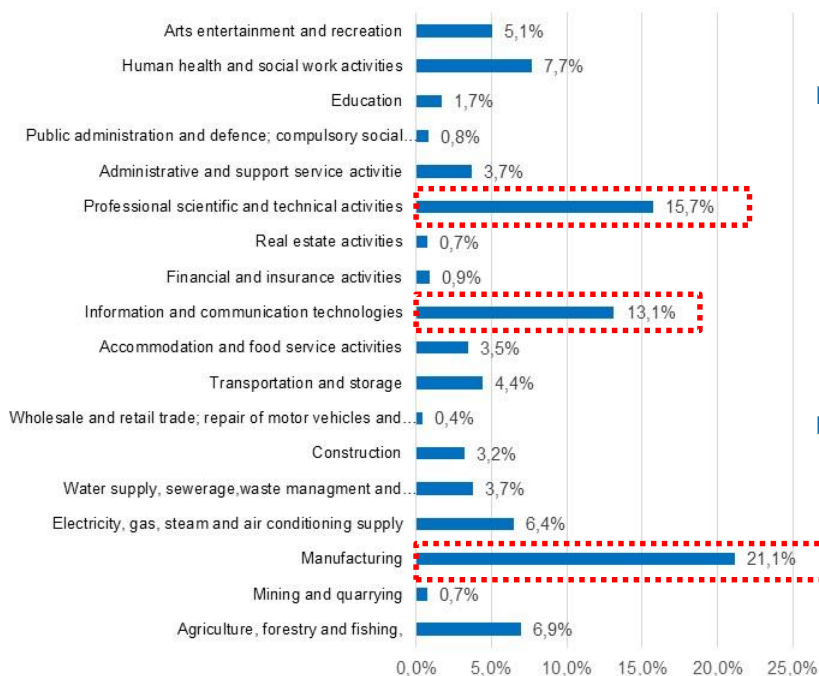
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SMART SPECIALISATION IN EUROPE



EU RIS3 ECONOMIC PRIORITIES

% of times each economic priority has been selected in RIS3 exercises



Macro themes

1. Manufacturing – 21,1%
2. Prof. S&T activities – 15,7
3. ICT activities – 13,1%
4. Human health – 7,7%
5. Agriculture, forestry – 6,9%
6. Energy sector – 6,4%

Micro themes

1. Scientific research & development – 5,7%
2. Computer programming & related – 5,4%
3. Information services – 4,7%
4. Human health – 3,6%
5. Electricity supply – 3,2%
6. Machinery & equipment – 3,1%
7. Food products – 2,6%

<http://s3platform.jrc.ec.europa.eu/map>



SMART SPECIALISATION IN EUROPE

RIS in the EU: some challenges encountered

1. The speed and tightness of the deadlines can limit strategic thinking and participation, resulting in some reversion to existing strategies
2. Sometimes too much emphasis on setting of priorities, rather than on procedures that facilitate delivery and obtaining agreement on them.
3. “Lock-in” problem in the participation process by specific groups and lobbies
4. Generalized regional inertia, considering mostly own characteristics
5. RIS3 misunderstood as prioritizing sectors or technologies, rather than activities with a creative combination of both, generating innovation and market opportunities (incl at international level)
6. The RIS3 sometimes seen as a milestone, and a static document, rather than a process that modifies and enhances the priorities to adapt them to different contexts.

Where can I obtain more information?

www.ec.europa.eu/info/region

http://ec.europa.eu/regional_policy/cooperate/international/index_en.cfm



Thank you for your attention

http://ec.europa.eu/regional_policy/en/policy/cooperation/international



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