

(\*) *Dr Benito Giordano* is Head of the Yorkshire and Humber European Office, the region's representation in Brussels. He is also Honorary Research Fellow in the School of Geography, at the University of Manchester, UK. The views expressed in this article are the author's own and do not necessarily express the views of the Yorkshire and Humber European Office. Email: [benito@yorkshire.be](mailto:benito@yorkshire.be)

# Benito Giordano\*

## EU Regional Policy and Lisbon:

Towards a new paradigm for regions after 2006

**ABSTRACT:** Much has been written about the role of regions in the EU, especially focusing upon the political and institutional challenges they face to increase their 'voice' at the European level. The conventional wisdom hitherto has been that those regions with greater legislative powers have been able to exert more influence on the European decision-making process. As this article argues, however, over the last couple of years, this conventional wisdom is being challenged because the political and institutional roles of the regions have become increasingly overshadowed by the economic imperative to increase regional competitiveness within the global economy. The EU's Lisbon Agenda is the point of departure for this new phase, which is becoming more than simply a slogan; it is being translated into future EU funding and policy priorities. In particular, as this article explores, the EU's 'new' Regional Policy after 2006 is a clear example of this shift in policy focus the implications of which remain to be seen.

**Key-words:** Região, política regional, União europeia.

## I ntroduction

Much has been written about the role of regions in the EU, in particular the political and institutional challenges regions face to increase their 'voice' at European level. The conventional wisdom hitherto has been that those regions with legislative powers have been able to exert more influence on the EU's decision-making process. As this article argues, however, over the last couple of years, this conventional wisdom is being challenged because the political and institutional roles of the regions have increasingly become overshadowed by the need to increase regional competitiveness within the global economy. The relaunch of the Lisbon strategy in February 2005 is the point of departure for this new phase, which is becoming more than simply a slogan; it is being

translated into future EU funding and policy priorities. An important element of this shift, as this article explores, is the EU's 'new' Regional Policy after 2006, which will provide a key tool for regions to increase their competitiveness. By way of conclusion, the article considers the implications of this new phase for regions across the EU.

## Regions in Europe

For some years now, regions have been the focus of much attention in both academic and policy circles. There are two schools of thought on the changing role of regions. The first relates to the political and institutional role that regions are increasingly playing in the EU. In the early 1990s, much attention focused on the so-called 'Europe of the regions', which was reinforced with the creation of the Committee of the Regions (CoR) in 1994. Furthermore, it was argued that the processes of European integration provided regions with a new set of opportunities in a system of multi-level governance in which the regions could foster direct links with the European Commission, effectively bypassing national governments, allowing them to influence EU policy-making and decisions about future funding allocations (HOOGHE and MARKS, 1996; JEFFREY, 2000).

A key premise of the multi-level governance thesis was that *all* regions would be able to exert more influence within the EU. However, the reality has been quite different because amongst the EU's 254 regions, some are more 'equal' than others. Put simply, those regions with legislative powers have had an advantage because of their greater institutional capacity, resources and better access to policy intelligence (KEATING and HOOGHE, 1995; GIORDANO and ROLLER, 2003). Ultimately, as the conventional wisdom behind multi-level governance goes, these regions were able to exert more influence within the European institutional context than those regions without legislative powers. In other words, these regions were clearly located in the 'Champions League' of regions in Europe.

By the end of the 1990s, however, the optimism surrounding the creation of the CoR and the much-heralded rise of multi-level governance did not really translate into wholesale changes and even those regions with legislative powers still felt the need to strive for more and more involvement in the EU's decision-making process. Subsequently, the debate shifted towards a 'Europe *with* the regions' - in recognition of the fact that although regions had gained some importance it was still clearly the Member States that were the dominant force within the EU. Indeed, since the EU's enlargement in May 2004, the

discussion about the political and institutional role of the regions has somewhat dwindled, not least because of the significant shift in the demographics of the Union. For example, the size ratio of the 25 Member States in population terms (largest to smallest) is 200:1 (HALL, 2005). The scenario is more complex within the 254 regions of the EU because some of the regions in the EU15 are larger in population size and have bigger economies than some of the new Member States.

The political and institutional debates about the role of regions will continue to rumble on. In the last few years, however, it is the economic role of regions that has really risen up the agenda, especially in the context of the EU's focus on the Lisbon Growth and Jobs Agenda. Much has been written about the ever-increasing role that regions play in the global economy; the thesis is that regions are becoming the fulcrums of economic competitiveness based mainly on an array of non-economic variables, particularly the mobilisation of local resources and potentials, the importance of clusters and a focus on networking (PORTER, 1990; STORPER, 1997). In today's global economy, national governments are arguably becoming less powerful actors to promote economic competitiveness; instead it is at the regional scale where economic growth can be found. As the next section discusses, enhancing the role of Europe's regions as the drivers of competitiveness, innovation and growth in the global economy, is precisely the aim of the 'new' EU Regional Policy.

## The contours of 'new' EU Regional Policy

The architecture of the 'new' Regional Policy after 2006 represents an important shift in policy focus from previous programming periods, more strategically oriented towards the EU's Lisbon Growth and Jobs Agenda<sup>1</sup>. Focusing on ALL EU regions, the 'new' Regional Policy for 2007 to 2013 has three main policy priorities - the so-called 'three C's' – *Convergence*, *Competitiveness* and *Co-operation*<sup>2</sup>. Firstly, the Convergence priority focuses on the least developed regions, i.e. those with a Gross Domestic Product (GDP) per head of under 75% of the EU average. Secondly, the Regional Competitiveness and Employment priority aims to increase the economic potential of ALL other regions (i.e. those not funded out of the Convergence priority). One of the key priorities for funding will be innovation and the knowledge economy. Thirdly, the European Territorial Co-operation priority will support cross-border and trans-national co-operation projects between European regions.

Regional policy from 2007 will be characterised by both geographic and thematic concentration. Firstly, regional policy resources will be concentrated on the new Member States. Given that disparity levels have increased

<sup>1</sup> See [http://europa.eu.int/growthandjobs/index\\_en.htm](http://europa.eu.int/growthandjobs/index_en.htm)

<sup>2</sup> In February 2004, DG REGIO outlined its proposals for EU Regional Policy post-2006 in its Third Cohesion Report. For further information, see: [http://www.europa.eu.int/comm/regional\\_policy/funds/2007/index\\_en.htm](http://www.europa.eu.int/comm/regional_policy/funds/2007/index_en.htm)

dramatically with enlargement (in 2002 for example, 10% of EU27 population living in the most developed regions accounted for over 19% of total GDP for the EU27, compared to only 1.5% for the 10% of population living in the least developed regions). On the thematic side, the major innovation with the 'new' Regional Policy is the strategic focus and direct link to the main objectives of the Growth and Jobs strategy. This new strategic dimension includes a high-level policy framework that outlines the types of Lisbon interventions that the 'new' Regional Policy programmes should contribute to<sup>3</sup>. These are 1) *improving the attractiveness of regions and cities*; 2) *encouraging innovation, entrepreneurship and the growth of the knowledge economy*; and, 3) *creating more and better jobs*. This new emphasis on the Lisbon priorities is a necessary and welcome innovation although it clearly presents a number of challenges for the regions. Primarily, the challenge is to develop operational programmes that will translate into projects on the ground that can deliver real outcomes in terms of the Lisbon priorities. On the other hand, this is where the challenge lies because for so long EU Regional Policy has been seen as a kind of 'hand-out' to those regions that are below EU average GDP. Shifting towards the Lisbon priorities, then, requires a step change in the ways in which the funding is perceived, managed and delivered, especially amongst those regions that have been net beneficiaries hitherto.

Secondly, the traditional view from the regions, especially those that have received substantial amounts in the past, is that Regional Policy is the main source of funding from the EU. This view has to change. Indeed, one of the aims of the 'new' Regional Policy is to ensure that there is greater synergy with other EU policies that promote research, innovation and enterprise so that regions, whether they are rich or poor, use more of their Structural Funds to invest in these areas to boost their competitiveness. Up until now, it has been the EU's 'core' regions that access most of this funding which is based on excellence rather than need. As the concluding section explores, the shift in policy focus towards the Lisbon Growth and Jobs Agenda is ushering in an increasingly level playing field for regions across the EU.

## Conclusion

For some years now, the conventional wisdom has been that regions with legislative powers are able to exert more influence on the EU's decision-making processes and consequently have a greater voice. Conversely, regions with no legislative powers have often been perceived as peripheral, weaker and unable to punch above their weight within the EU. This scenario is changing; indeed we are witnessing a paradigm shift for regions in the EU and we are entering into a new phase in which there is a level playing field

<sup>3</sup> The European Commission published on 6 July 2005 draft Community Strategic Guidelines for Cohesion, 2007-2013". For further information see: [http://europa.eu.int/comm/regional\\_policy/sources/docoffic/2007/osc/index\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docoffic/2007/osc/index_en.htm)

for regions across the EU. This level playing field stems from the fact that ALL regions are playing an ever-greater role as the key delivery agents for the Growth and Jobs strategy and they need to access the European funding opportunities available. In other words, it does NOT matter whether a region is small or large, whether it is situated in a western or an eastern Member State or whether it has legislative powers. The game is the same for all and this game is about raising competitiveness on a global stage, to promote more and better jobs and to carry out innovation and research that is fit for the 21<sup>st</sup> century.

The EU's 'new' Regional Policy is a key instrument in this process. Rather than focusing only on Europe's poorer regions, the policy aims to fund research, innovation and promote economic competitiveness in ALL regions. Of course, funding is scarce and the focus remains on raising the economic development levels of the less developed regions yet the new policy is not only about 'need' but also about 'opportunity'. The key challenge for regions is to use the resources available in the most appropriate way, which requires a step change in culture and mind-set; of course that will be the hardest in those regions that have been the recipients of more funding in the past.

For so long, the focus has been on the political and institutional role of regions in the EU. Having legislative powers still gives those regions a comparative advantage – more resources, capacity and of course democratic legitimacy. This scenario, however, is changing. The focus on Lisbon and the need to improve Europe's economic performance in the face of ever-increasing global competition has ushered in a new phase. Firstly, this phase is reinvigorating the role of the regions; there needs to be a greater recognition amongst EU political leaders at all levels that regions really matter to Lisbon. One cannot work without the other. The real challenge for ALL regions is for them to embrace their role as the key agents of delivery for Lisbon and to ensure that national governments really recognise this point.

Secondly, this new phase matters not just for those regions that have legislative powers but for ALL regions. Indeed, having such competencies may provide certain benefits but it may not insulate a region from the powerful forces of global competition. On the contrary, not having legislative powers does not mean a region is somehow in a weaker position and cannot promote first class innovation, promote better knowledge transfer, encourage enterprise and ultimately create more and better jobs. The political and institutional role of regions is an important debate but it is one that will ebb and flow as circumstances change. The economic imperative for regions to improve their competitiveness, whether they have legislative powers or not, is something that cannot be overlooked and is becoming ever more urgent.

**Palavra-chaves:**

Region, Regional policy, European Union.

**ABSTRACT:** Muito já foi escrito sobre o papel das regiões na União Européia, principalmente com foco nos desafios políticos e institucionais que as regiões enfrentam para aumentar sua voz do no nível europeu. Até agora, tradicionalmente, tem-se acreditado que aquelas regiões com maiores poderes de legislar têm exercido maior influência no processo de tomada de decisão. Este artigo, no entanto, procura mostrar, que nos últimos anos, essa situação vem se transformando, principalmente porque os papéis políticos e institucionais das regiões estão sendo ofuscados devido ao crescente imperativo econômico para aumentar a competitividade regional dentro da economia global. A Agenda de Lisboa/União Européia é o ponto de partida para esta nova fase, que se está se tornando mais do que simplesmente um slogan; ela está se transformando nas futuras prioridades políticas e financeiras da União Européia. Assim, como este artigo explora, a nova Política Regional da União Européia depois de 2006 é um exemplo claro de deslocamento no foco dessa política regional.

As implicações dessas mudanças ainda não podem ser vistas ou avaliadas.

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