



European Committee  
of the Regions

## The President

Dear President Antonio Costa, thank you very much for your presence, not just now but you have been with us since the beginning. Thank you for your understanding of the local perspective. I always say once a local politician, always a local politician. We understand the universal from the local and this imprinting, it stays with you. Thank you very much.

Dear Executive Vice President, I sincerely thank you for your partnership for the past one and a half years. We have been working together in defending cohesion policy and thank you very much for bringing in the Right to Stay which is nothing else but complimenting the single market's freedom to move. It should be completed with the possibility, the freedom to stay. Thank you very much.

Dear President Costa, putting housing on the top of the Council's priorities – this has been a call that all of us in this room has been calling for. Thank you very much for that.

Dear Jyrki Katainen, dear members, dear guests, dear members of the Committee of the Regions, local leaders, everybody following in presence and online, welcome to our week of cities and regions. We heard a lot about what is happening in the outside and most of the attention of the European leaders has been drawn to the borders of the European Union and beyond. But our role is, being local leaders and the Committee of the Regions, to keep our attention inside. This is what this week is about/ understanding what is happening in our cities and regions and bringing our realities to the European decision making. This week connects local leaders with decision makers, it connects researchers, it connects funds with all of the innovation and ambition capabilities.

We have this Annual Report of cities and regions with all of our local stories. I hope most of you will have a chance to take a look at it, there is a lot of work behind it. What our role here today is, is to complete the European narrative, to complete the European story. This is why it is important that we have the European Parliament, the European Commission and the national level, the European Council. We bring in our perspective, the territorial perspective of the story.

Strong regions, strong Europe. What does it mean for us? We agree that the European Union has to be strong in the outside world, in the competition. But it can only sustain its strength if it stays strong and connected inside. I have a short time, this is why I cannot tell you all of our local stories, they are in the annual report. I had to choose my battle and I will tell you our side, the local and regional perspective side of the competitiveness story; because that is the main story now in the European narrative. Our big question is around the competitiveness story is: will it be a shared competitiveness? Will all of our regions be part of this competitiveness, or just a few? Will we be local leaders able to shape these investments and make decisions and have agency over what is happening, not just responsibility?

What is very clear now is that the future of the competitiveness story is uncertain, but it is the age of competition. And it is unfolding within our European budget too. What we clearly see now is that there will be a competition between priorities in the national budgets and competing priorities, food security will compete with social and territorial and economic cohesion, climate adaptation with mitigation, energy security with energy affordability, competing with migration, border control and unemployment. It is also clear that regions and cities will be competing with each other for private investments and also for public investments.

Tomorrow will be competing with today. Emergency reactions and emergency investments will be competing with the investments of tomorrow. And fourth, there are also competing narratives about what the next European budget should stand for. With the Irish presidency negotiating box on the table, this narrative competition is getting very sharp and there is a false dichotomy staged: the so-called traditionalists versus the modernizers. Those defending cohesion policy, us, we are portrayed as slowing down Europe. As if

economic, social and territorial cohesion were holding the European competitiveness back. We reject this narrative here.

We also reject the suggestion that Europe's competitiveness stands or falls on around 50 billion Euro a year centrally managed territorially blind competitiveness funds. My implication is that this budget proposal is shifting resources from a decentralized investment policy which sees places to centrally managed excellence-based investments from many places to few places. And what we local leaders say is that Europe's competitiveness depends on the investments, the skills and the productive capacity of the entire union of all of the regions. I also reject the labeling of cohesion policy as policy of the past, being an outdated charity fund for poorer regions, this emerging narrative.

Cohesion policy is part of Europe's competitiveness investment architecture. It sees the places, it invests in the places and builds their capacities. It helps regions navigate the industrial, climate, energy, digital and demographic transitions and it connects them to the European economy. It accompanies the transition of all of our regions with all of our different realities. From the islands to the mountain areas, from metropolitan cities to the border regions. This is why cohesion policy should not be separated from the single market, because it is part of the political and economic mechanism that actually makes the single market function and work.

The role of cohesion policy is to reinvest part of the gains of the single market in the capabilities that make integration work and shared prosperity possible. The Commission's own figures make this point: around 58% of the cohesion funding in today's budget is allocated to the objectives of the competitiveness compass. Innovation, decarbonization, resilience are already central to this policy alongside with conditions, businesses need infrastructure, affordable energy, water security, skilled workers and homes they can afford. Europe's economy is a network of different but complementary capabilities and its strength really depends on the connection between them. Cohesion policy, therefore, is a competitiveness policy that sees places.

And a policy that sees places needs those leaders who actually lead and know those places. This territorial intelligence is crucial for this policy to work. This is why the architecture of the next budget concerns us deeply. We risk moving towards competitiveness-blind to geography concentrating resources in already strong places while making regions compete harder for what remains. Through a centrally managed competitiveness fund, excellence-based public investment risks making the strong regions get stronger while places needing investment and compete to lose ground.

It is true that Europe needs breakthroughs, but it is also true that businesses, workers and communities across the regions should be able to connect and benefit from these breakthroughs from the champions. And if there is an outdated narrative, it is the "it will trickle down" narrative. Growth that is generated somewhere will not automatically reach everywhere. There has to be a deliberate investment mechanism that actually connects these places. Do no harm to cohesion means very little if the budget deepens these territorial divides.

Europe and its regions need investment not reassurance, meaningful partnership, not a tick box exercise and we cannot carry growing responsibilities without a power to act. Shared prosperity is a European promise and we will not accept a budget that breaks it. Our time is short, but we have the power, us local leaders, because we hold democratic mandates from the people who actually come from those places. And we did quite a lot. We have been part of the mobilizing of the 70 Member States, Friends of cohesion. We have 20 plus one European capital cities on board. We have European regions: the German regions, Austrian regions, Spanish regions, Italian regions, all different regional realities on board. We work very closely together with the European Parliament and mobilising the Cohesion Alliance and we must keep pushing to turn that support into influence. So, I am asking you today: bring this narrative into your own councils, into your own parliaments, mobilize businesses, universities, workers and civil society. Show what is at stake, insist on a strong European cohesion policy and the real power for local and regional governments. Thank you very much.