

**Commissioner Johannes Hahn**  
**Keynote speech**  
**at the**  
**6<sup>th</sup> European Sustainable Cities & Towns Conference**  
**In session "A Europe of sustainable cities"**  
**Dunkerque, France**  
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Monsieur Delebarre,

Ladies and gentlemen,

It is a great pleasure for me to be here with you today. The theme of the conference – the sustainability of cities – is without any doubt vital for the debate around the future of cohesion policy. Also from a personal point of view, I consider the role of cities as crucial when it comes to tackling some of Europe's most important future challenges. I can therefore only underline what you have written down in your declaration: We need cities and local authorities as full partners for achieving smart, sustainable and socially inclusive growth in Europe. Cohesion policy will – and please let me come back to this point later – need to play an important role to facilitate and strengthen this process.

**Let me first link the urban question to another important topic: the aftermath of the financial crisis and the Europe 2020 strategy.**

This crisis has changed the overall positive development of Europe's economy dramatically. GDP has fallen by 4% in 2009. Industrial production is down 15% and is back to 1999 levels. Since 2008, the number of unemployed has jumped by 7 million and unemployment increased to more than 23 million people, levels not seen since the early 1990s. Many of the impacts, both in terms of unemployment and

economic growth, are most visible and tangible in our cities. Above all, the financial crisis takes a massive toll on already-squeezed city budgets: For the first time in at least two decades, all three major general tax sources of urban administrations across Europe — property registrations, income and sales — have declined at the same time. Forecasts for German cities – for example – predict that 40% of them will have no budget for new public investments or even difficulties to finance social transfers or running costs for educational facilities.

With the Europe 2020 strategy, we set ourselves the ambitious goal of recovering our economies and tackling future challenges at the same time. I believe that this link is vital to make growth in Europe greener, socially more inclusive and – after all – more sustainable.

For me, there are two good reasons to talk about EUROPE 2020 and cities: Firstly, because they have a unique potential for green and socially inclusive growth. It is in our cities, where the greatest potential for energy saving lies – and it's also in the cities, where social problems can be expected to hit the hardest. The second reason is of course, the necessary investments – especially also in demonstrating the benefits of new energy schemes or social innovation – will require massive financial support. I believe that Cohesion policy with its solid financial instruments will have to play an important role in that sense.

After all, I am also convinced that Cohesion policy adds an extra-bonus to all that: With its integrated and multi-annual approach Cohesion policy can provide a very suitable framework for the delivery of EUROPE 2020.

**Ladies and gentlemen, this brings me to my second point: the role of cities in dealing with environmental sustainability and energy consumption.**

Let's take the question of energy consumption as an example: According to world-wide estimations, cities use about two thirds of the final energy demand and generate up to 70% of all CO2 emissions. To reduce these shares is indeed a challenge. However, cities are also part of the solution: Thanks to their high density structure, cities can work more energy-efficient than other areas and have a high potential for real savings. Urban lifestyles also tend to be far less energy-intensive than others. City dwellers for instance need to use cars far less than people living in rural environments or can benefit from common heating systems. In short: if we want to take energy savings seriously, there is no way around our cities.

It is, of course, also a simple question of scale: It appears – for example – that the impact of measures taken in a single metropolis like London is much more important than the effect on several Member States of the European Union put together.

Equally, cities are focal points for consumption behaviours and innovation. They may also play a key role in showing the way to new consumption habits and applying green technology. As the first contact point between the citizen and the administration, activities at city-level are also more effective and visible to citizens than initiatives at higher level. I believe that – in addition to this – networks of cities have a crucial role to play in disseminating "models of governance and policies" which address these issues.

Given the fact that many cities neither have the power nor the financial means to implement efficient climate change plans, Cohesion policy operations can indeed make a difference. Already in the current programming period, renewable energy and energy efficiency measures can be financed from the ERDF just as well as projects for clean urban transport. All together they account for 15 billion Euros over 7 years [from 2007-13]. Also in the future it needs to be clear that Cohesion policy can – and will – make important contributions in this context.

To highlight the importance of sustainability questions within cohesion policy, the Commission will – in the next months – come forward with a communication on sustainable growth. The important paper will not only illustrate in which fields we are already active – they reach from environmental-friendly transport systems to eco-innovation – but also draw conclusions of where we are heading to in the future.

**This leads me to my third point: cohesion policy is not only about money, but also methods, innovation and governance. And this is particularly important when we look at cities and the urban dimension of the policy.**

We have, over the past 20 years, developed a common integrated methodology for urban development: the integrated approach. It describes the way in which urban development questions should be addressed. This holistic, cross-sectoral approach includes measures from different policy areas – from the local economy over social issues to environmental actions). This approach is also about developing strong partnerships between local stakeholders, the different levels of administration and citizens. The URBAN Community Initiative programmes have vastly demonstrated the added value of this method.

The good news is that this approach constitutes a shared understanding which is supported by both, Member States and European institutions. However, the tendency towards simple sectoral solutions is strong. Therefore we need to create an understanding, that urban issues – and this brings me back to the energy question – cannot be seen in sectoral isolation. In other words: If a city wants to be more energy efficient and more sustainable, it should not only look at its energy sources and emissions, but also at the social, economic or cultural side of things.

Secondly, cohesion policy is about innovation. It is about not only technological innovation, but especially also about innovating governance systems and delivery mechanisms. When we look at today's challenges for cities – from transport to spatial segregation – it appears that existing governance models do not coincide with functional realities. To put it simple: The level of intervention needs to correspond to needs and related tasks. While the neighbourhood level might be the most appropriate level to intervene on urban deprivation, the level of the functional urban zone might be the best scale to plan energy savings or organise urban transport. I therefore see a real role of Europe in providing incentives for innovating traditional planning systems and delivery mechanisms. I am also convinced that networking and the exchange of experience is one of the key solutions in this context.

**This brings me to my fourth and last point: How do we see the future role of cities in Cohesion policy?**

From all what I have been telling you so far, I think you can already understand that we believe that cities will be vital to tackle future challenges. Questions of energy balance and sustainability will be just as crucial as social polarisation or metropolitan governance. However,

things are still in flow – and the coming months will be crucial to develop our visions for the future of Cohesion Policy and its urban dimension.

For me, there are a few parameters which I would highlight and which can provide us with some ideas on the direction in which we are heading:

- Firstly, we have a new treaty – and the Lisbon Treaty recognises territorial cohesion as an explicit objective of Cohesion Policy. Our territories will therefore come into the spotlight of our policy more than ever before. Cities are key players in achieving balanced and sustainable growth and therefore will need to play a vital role. Already our Green Paper on Territorial Cohesion highlighted the importance of using the assets of agglomeration and of reducing the negative externalities of concentration. What the debate has also told so far is that our regions should make better use of the cities' potential for boosting the overall socio-economic performance at regional level.
- As you also underline in your declaration, the Lisbon Treaty gives new weight to the role of local authorities and citizens. More than ever, stakeholders and actors at local or city level will need to be involved in the design and implementation of our policy. I believe that this could result in a better defined role of urban stakeholders.
- Thirdly, cities are key partners in implementing the core European policy priorities of EUROPE 2020. Again, it is clear to me that European cities must be recognised as key players, particularly in achieving socially inclusive and green growth. And it will be important to illustrate how cities can deliver these priorities. The Commission will therefore come forward with a "Cities 2020" paper, which should be published by the end of the year. This will be

accompanied by a collection of good examples of how Cohesion Policy instruments could be used for tackling future challenges. This work will be vital for developing a joint vision of how our "city of tomorrow" should look like. Its main objective should be to improve the quality of life of our citizens living in urban areas. I think we indeed need give some answers e.g. to questions like:

- What is an acceptable time to travel from the place where you live to the place where you work? I believe it should not be more than an hour. In this context, good public transport is just as important as good and prospective land-use planning.
- How should cities be organised and planned in order to be more energy- (and therefore also cost-)efficient? I think that compact cities with attractive open spaces and a vivid mix of businesses, residential buildings, shops and public services need to be part of our considerations in this sense.
- How can we make sure that our citizens stay politically interested and active? Knowing from my own experience in Vienna, people who are embedded in a neighbourhood community take far better political ownership of “their” city or district than others. They care what is happening around them – and are not the ones which know the streets of their city only through their car windows.

Ladies and gentlemen, this is only a glance at what I think we should discuss more in depth. We will need your input to derive at a city model which is sustainable for future generations and liveable for our citizens.

Cohesion policy can be one of the vehicles for turning such visions into reality. I am therefore personally convinced that cities and local

authorities need to play a key role in the future of our policy. Without urban areas, we would leave out much of Europe's potential for the delivery of Europe 2020 – and with it 70% of our population.

Developing a joint vision and turning it into reality will require time, energy, knowledge and support. We will, in the forthcoming months, most happily dedicate the necessary time and energy to urban matters. However, we also count on your expertise and knowledge – and your support.

We need you – we need our cities for a healthy and wealthy EU.

Thank you.