



**Four Motors
for Europe
and Associates**

**2ND CONFERENCE OF MINISTERS RESPONSIBLE FOR THE PRODUCTIVE ECONOMY
OF THE "FOUR MOTORS FOR EUROPE" AND ASSOCIATED REGIONS**

**26 JANUARY 2009
SITGES (CATALONIA)**

**"DECLARATION OF SITGES" OF THE MINISTERS RESPONSIBLE FOR
THE PRODUCTIVE ECONOMY IN BADEN-WÜRTEMBERG, RHÔNE-ALPES,
CATALONIA, LOMBARDIA, WALES, AND FLANDERS
("FOUR MOTORS FOR EUROPE" AND ASSOCIATED REGIONS)**

**REGIONS ARE THE MOTOR OF POLITICAL PROGRESS AND ECONOMIC
GROWTH IN EUROPE**

The Ministers responsible for the productive economy in the "Four Motors for Europe" and Associated Regions have approved the following "Declaration of Sitges", in a Conference held on 26th January 2009.

- 1. The political role of regions in Europe must be strengthened as Regions play a key role in economic growth and European development.**
 - Since the "Declaration of Stuttgart" in 2002, the economic development role of regions' has become fundamental to the future success of the European economy. Policies generated by key regions within Europe are becoming increasingly important. The European Commission is making an effort to recognise this through strengthening regional development aids, supporting professional training and employment, and supporting rural activities. It is also helping small and medium-sized enterprises (SME), and financing scientific and innovative research.
 - Competitiveness at a global level in the European Union relies directly on infrastructure development and economic modernisation, thus making it increasingly important for regions to apply local policies in order to encourage the competitiveness of those small and medium-sized companies that contribute so much to the European Union's productivity.
 - The accomplishment of the single European market and the introduction of the common European currency, the Euro, have brought indisputable

advantages just to the export-oriented enterprises in the regions of the Euro-zone.

- It is evident that there are macroeconomic or “State / Federal” factors that affect the competitiveness of regions.. The Administrations’ transparency and level of bureaucracy, the current regulations, the security of business transactions, the safeguarding of competitiveness, and the protection of individual rights, as well as macroeconomic factors like inflation, corporate or income taxation rates, are determinants of company competitiveness. Nevertheless, in first-world economies these factors can be considered more or less similar, because the macroeconomic situation of EU countries is fairly alike, which, in turn, implies that the competitiveness of companies relies not so much on macroeconomic factors as on the circumstances associated with the area in which they are located.

Thus, the regional (and not so much the State / Federal Government’s) environment is a key determinant for the competitive capacity of companies. More than ever, regional instruments in Europe are the tool that must be used to develop effective and relevant economic policies. We therefore believe that the regions have a primary and critical role to play in improving and sustaining competitiveness and the European Union needs to strengthen the regional dimension within its policies, regional support and interventions. Regional policy has the potential to address the difficult economic problems now being experienced and those that will emerge in the future. This should take into account the Principle of Subsidiarity, which means that decisions are taken as close as possible to the citizens, promoting greater participation across both entrepreneurial associations and civil society.

2. It is necessary to develop policies in accordance with the current (and future) challenges that our economies must face.

- As the economies of our regions develop, we face new challenges. For example improving the quality of life; population ageing, health; mobility; sustainability (climatic change, environmental policies, and energy efficiency); and security These challenges, in turn, can produce new market opportunities for the commercial, industrial and productive sectors of our economies and can allow companies to develop and exploit new intellectual property opportunities.
- The scale of the challenge has increased given the current economic downturn, coupled with the emergence of new productive economy poles in the World, beyond Europe and the United States of America. Some of these emerging economies possess poorly regulated labour markets, which can result in lower labour costs. This makes it more necessary than ever to develop innovative new approaches in order to maximise productivity, safeguarding employment. It is only becoming more innovative and productive that SMEs can compete against low cost locations.

- The reductions in CO₂ emissions agreed in Poznan create a challenge for our regions. Our industries need to adapt their practices if the targets are to be met, and this includes the need to harness renewable energy sources. However, we are alive to the opportunity that this challenge also represents: for the modernisation, diversification and competitiveness of industries. We will explore how, through working together as partners, these opportunities can be maximised, through finding new ways to encourage our companies to become competitive worldwide:, continuously changing and adapting to technological advances and challenges and through , making talent and creativity the differentiating factors.
- Our enterprises have the clear potential to face these challenges, the scale of the current economic downturn means that, to succeed, it will be vital that we work together to develop and implement new, collaborative, regional policies and support measures..

We need to recognize the growing importance of the services sector in the overall economic framework. Because of its size and versatility, the services sector provides stable economic growth, more employment for the less skilled and all sorts of added value for a society which is so diverse. This does not mean that the industry must be written off, quite on the contrary, the Four Motors and Associated Regions have to focus more on the full integration of the industrial and services sectors in a more profound way in order to support each other's growth and added value.

3. We need to implement palliative measures to face the current economic situation.

- The current financial situation has triggered a destabilising process in our regional productive economies, which, in addition to highlighting issues of a short term, circumstantial nature, has also made apparent structural problems within the very fabric of enterprises in our regions. These structural deficiencies spring from the failure of many enterprises to adopt new, more productive, business models based on the deployment of knowledge and high performance processes which, in turn, lead to the creation of higher value added products and services and thus sustainable futures.
- To respond to the current crisis, we believe it necessary to provide companies in our regions with improved support through which to address immediate issues through "Rescue packages" of palliative measures as well as finding ways to address those issues of a more structural nature.
- In the first group of measures, we consider it vital to boost new finance and endorsement possibilities that will guarantee liquidity, and will

decrease the effects of the financial crisis, particularly within the manufacturing sector. We therefore very much welcome the positive move already made by the European Commission in introducing greater flexibility around the provision of state aids, up to 2010, to those companies that are experiencing difficult trading conditions due to the global economic crisis.

- We also recognise that it is necessary to promote a second group of measures with the aim of boosting competitiveness. Our regional economies rely upon the twin pillars of innovation and internationalisation (as well as the cross-externalities generated between them). The 4 Motors for Europe and Associated Regions think it is important to boost our companies' competitive differentiation, as well as their innovation and internationalisation; to improve management and strategic change towards new business opportunities; to support clustering; and to make the most out of the influence that large corporations can have over SMEs. We are therefore committed to exploring and implementing new mechanisms through which to link and develop relationships between businesses in our regions that, through collaborative action, are then able to improve their mutual competitiveness and sustainability.
- In implementing the State/Federal and regional anti-crisis measures it has to be taken account of the achievements of the internal market for avoiding that these will be jeopardized through protectionism or a race for subsidies. Aware that the State/Federal and regional recovery measures will temporarily deepen the public deficits it has to be ensured that the public finances correspond as soon as possible to the requirements of the Stability and Growth Pact in keeping pace with the economic recovery.

4. We must encourage measures to assist small and medium-sized companies. SMEs are the main dynamic element in the European economy.

- A great percentage of the gross value added and significant employment is generated through SMEs within our regional economies.. Therefore, we consider it is essential to bear in mind their needs when specifying public policies.
- We support and include the European Union's recommendations regarding aids to SMEs in the Small Business Act, as well as the "Think Small first" premise and the encouragement of SME growth.
- We propose the establishment of a direct and permanent dialogue with the productive sector. The "4 Motors for Europe" and Associates believe in the importance of a direct relationship between public and private sectors to define successful strategies.
- Our agenda has incorporated the idea of improving the SME's access to financing, providing support to help them make the most of the Single

Market, and profiting from international market growth. We also want to facilitate their participation in public contracting, and to boost their capacity to innovate and turn environmental challenges into opportunities.

5. We must encourage the presence of talent in companies, as well permanent innovation, internationalisation and global vision.

- There is a clear relationship between a company or territory's capacity to innovate, and its competitiveness. Innovation is not only necessary to face the current crisis, but also to guarantee future competitiveness in our economies.
- The challenges that were spoken about in the Lisbon Agenda have clearly failed to be achieved in the terms and goals specified in the Barcelona Summit. Nevertheless, these challenges remain valid. This is why we consider it essential to increase the innovative rhythm in our industrial fabric from a wide perspective: boosting innovation at every level, whether associated with product, process, organisation or market.
- In the current economic environment, creativity on the one hand, and talent recruitment, retention, and mobility on the other, become key elements that must be considered globally, and deserve a main role in the European agenda.
- In this sense, we believe it necessary to encourage technologic exchange between member regions, and to maintain connections between innovating regions and the rest of the world.
- Likewise, in an open and globalised economy, we must encourage the ability to adapt to and enter new markets as a differentiating competitive element. To that extent, we will work together to internationalise our companies and maximise the synergies that this internationalising process can produce to fuel the innovative process. The "4 Motors for Europe" and Associates will encourage joint innovation and internationalisation actions, both within and outside of the European territory.

6. We must boost both inter-regional and intra-regional cooperation.

- Cooperation is a key and basic axis of regional and business competitiveness. The experience of the "4 Motors for Europe" and Associates, through the tasks developed within the Economy group since 1992, have been a positive dynamising factor that should be encouraged in the future, among others, through the participation of Regions in the EU Platforms supporting manufacturing industry.
- Dynamic and powerful regions like the "4 Motors for Europe" and Associates can generate greater added value through cooperation

between key agencies, and can achieve multiplying and positive effects for their societies-

- We understand regional space as a frame where collaboration and cooperation between regions can provide the platform through which to achieve economic growth and sustainability.
- We also recognise the vital contribution that the European Union has to play and the potential for the 4 Motors and associates to help inform and influence the effectiveness of EU policy making by drawing upon our collective experiences of economic development. We therefore value in a very positive way the participation of our respective regions in the “4 Motors for Europe” and Associates, and the tasks carried out specifically through the Economy Group since 1992. Therefore, we propose to strengthen the cooperation between members of this network as an element to boost competitiveness of their respective business structures.
- We believe that, in order to face current economic challenges, it is necessary to develop further the already close cooperation between the various agencies (Governments, Universities and centres of knowledge, and enterprises), in our regions. We will therefore promote further benchmarking and cooperation between Business Support Agencies of the 4 Motors and Associates, and encourage members’ joint participation in European projects.
- We will also, through the Economy Group develop permanent bridges of information and exchange of best practices, promoting platforms and knowledge networks among the Motor Regions.
- The complete implementation of the services directive of the European Commission is a complex and huge task. In this respect, the transposition process requires a lot of co-operation in policy making and many exchanges of experiences and results between the member states and their regions. Therefore, the Four Motors and Associated Regions will consider setting up a platform for the exchange of policy decisions, methodologies and results of the transposition of the Services, including the administrative simplification, the development of the one-stop-shop and the screening of the ‘national’ regulations to the principles of necessity, adequacy and proportionality.
- To guide and enhance the value of our collaborative investments, the 4 Motors and Associated Regions will, by April 2009, develop, agree and publish a three year forward work programme identifying specific joint actions and the resources necessary to fulfil the aspirations and proposals set out in this declaration.