



Economic Development Forum News

May 2009

EDF Nuremberg (24-26 June) on 'Silver Economy'

The next EDF meeting will be held in Nuremberg, Germany on 24-26 June. The meeting will focus on the impact of demographic change on the economic development of European cities. During the thematic conference, three different sessions will look at the challenges cities face as a result of the demographic change, the impact of demographic change on labour markets and new human resource management and new products and industries needed to satisfy future consumer needs.

Cohesion Policy, Entrepreneurship, Spatial Planning and the City of the Future, Economic Migration, Clusters, and Urban Regeneration Working Groups will also take place.

http://www.nuernberg.de/internet/eurocities_e/

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Nürnberg



EUROCITIES update

EUROCITIES Survey on the impact of the crisis on cities

The member city survey undertaken to determine the impact of the economic crisis and recession on cities has been completed. The research as designed to provide initial insights into 'on the ground effects', as well as signposts towards further work that may be needed. The research served both to confirm expectations that physical urban development projects have encountered trouble, as well as emphasise there is no single 'affect on city' model. The majority of cities said ongoing or planned projects had either been halted or amended, with some choosing to begin new projects as a direct response to the crisis. Whilst manufacturing and housing sectors have been badly hit, the research and public sectors remain well positioned, pointing to potential drivers for recovery and growth. Although cities are implementing a range of tools to respond, such as crisis staff, strategies or support programmes for businesses and workers, EU tools provided for in the EU Recovery Plan do not feature highly, often because of lack of knowledge and understanding about what is possible.

The secretariat is currently planning next steps on the crisis and recession activities, and for more information please contact john.dodd@eurocities.eu

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EUROCITIES expert hearing brings forward ideas on future EU funding for integrated local development

Inspired by recent debates about the future of EU Cohesion Policy, and in search for effective tools to deliver integrated local development, EUROCITIES brought together leading experts and city representatives to discuss their experience with past funding periods and explore options for the future.

The debate centered on which financial mechanisms and governance structures could be most effective in furthering an integrated approach to local development. All experts and participants agreed on the need for flexible funding instruments and tailor-made solutions. Amongst the expert was Professor Michael Parkinson, he referred to the importance of new financial models, such as Local Asset Based Vehicles and Tax Increment Financing. Brian Field, Urban Planning and Development Advisor of the European Investment Bank, supported this viewpoint and presented the JESSICA scheme (Joint European Support for Sustainable Investment) as a flexible financial mechanism to grant based funding programmes, underlining its importance in fostering a loan culture among European regions.

The outcome of this event will form the basis of the EUROCITIES position on the future of integrated local development in the context of EU Cohesion Policy post 2013.

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EUROCITIES SME Week Event

1st EUROPEAN
SME WEEK '09
SMALL BUSINESS, BIG IDEAS

On 8 May EUROCITIES brought together Commission officials with representatives of cities, specialist networks, regions and the private sector to discuss the experiences of SME support in cities.

Maive Rute, Commission Director for SME's Competitiveness highlighted the key EU level support tools and mechanisms - emphasising for example, the importance of financial tools such as JEREMIE (Joint European Resources for Micro to Medium Enterprises initiative) to help SME development.

Given the challenging economic context facing companies and entrepreneurs within cities at present, it was timely to hear of the Hague's innovative part-EU funded support programmes for business start-ups. Loans combine with practical guidance and training to give comprehensive support. In addition, Barcelona Activa emphasised the importance of supporting women entrepreneurs if we are to make the most of our cities' potential, whilst UEAPME (European Association of Craft, Small and Medium-Sized Enterprises) highlighted how all public policy from transport planning to education affects the success of our SMEs - and therefore the need for 'SME proofing' our policies.

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EU institutional update

Barca report: Cohesion Policy post-2013

The Barca Report on the Future of Cohesion Policy was recently published. This is an independent report by Fabrizio Barca that assesses the effectiveness of cohesion policy, with proposals for the shape of future policy post-2013. The report and its recommendations are not formal European Commission policy, but will make significant contributions to this strategic debate.

A fundamental approach underpinning Barca's vision for the future is place-based interventions, moving eligibility for support being focused on administrative regions, towards more functional areas - the level at which one can identify flows of goods and services as well as the operation of labour, transport and housing markets. The report also argues for a rationalisation of future funds - with up to 65% to address only 3 or 4 key priorities such as skills and ageing. Funds would be allocated according to country-need, distributed by national bodies, and would follow current proportions for distribution between lagging and non-lagging regions.

Recommendations also include promoting the principles of additionality by linking EU funds with domestic spending, as well as more flexibility in financial management issues with reduced audit and administrative burdens on member states and managing authorities. In order that lessons learned through the implementation of funds are shared, an increase in the cooperation budget (used to fund Interreg for example) is put forward.

For full documentation see: http://ec.europa.eu/regional_policy/policy/future/barca_en.htm

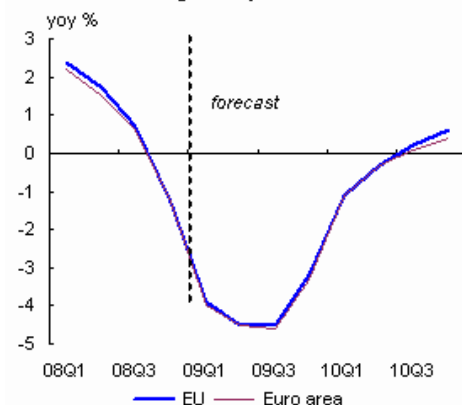
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Economic Development News

Spring EU Economic Forecast published

On 4 May the European Commission published its Spring Economic Forecast confirming that the EU economy is in the middle of the most severe and widespread recession in the post-war era. Since the last interim forecast released in January, virtually all figures have doubled with an expected GDP contraction of 4% this year and unemployment reaching 9.4% this year and 10.9% in 2009 for the EU.

EU and euro area growth profile



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Almost all EU countries are to be severely hit by the global recession and the forecast indicates GDP contraction and rising unemployment across most of Europe.

However, in 2010 the Commission expects the situation to stabilise due to the fiscal and monetary stimulus packages put in place by governments and central banks, with growth beginning in the latter part of the year.

For full forecast see: http://ec.europa.eu/economy_finance/thematic_articles/article14927_en.htm

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SME support

Northern Europe ahead -

According to a study released by the European Commission, Northern Europe is ahead of central and southern Europe when it comes to effective SME support by implementing the ten principles provided in the Small Business Act (SBA). The SBA fact sheets which examined business environment for SMEs throughout Europe came to the conclusion that best support is given in Belgium, Denmark, Finland, Ireland, the Netherlands, Sweden, the UK, Lithuania and Estonia.

Governments must implement SME support policies -

At the launch of the first European SME week on 6 May, European Commission Vice-President and Commissioner for Industry and Enterprise Günter Verheugen pointed out that member states must implement all SME support policies designed at European level as fast as possible underlining SMEs importance to economic growth and recovery.



Late payments harmful to SMEs and economy -

Moreover, SMEs could be better supported and the European economy could be stimulated with up to €65 Billion if the public sector paid contractors within the 30 day period as outlined in the Late payment directive issued by the Commission. Seeing that the European Payment Index survey of over 5000 European Businesses comes to the conclusion that the private sector is more reliable than the public sector when it comes to paying its bills, the latter could boost SME support by paying in time and thus reducing the SME's risk of insolvency especially in times of economic difficulties.

Facts sheets by country:

http://ec.europa.eu/enterprise/entrepreneurship/craft/sme_perf_review/spr_main_en.htm

Late payment directive:

http://ec.europa.eu/enterprise/regulation/late_payments/doc/ACT_EN.pdf

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Upcoming events

Meeting	Date	Venue	Information
World Investment Conference	4 - 5 June	La Baule, France	http://www.labaulewic.org
Innovation Society 2009 Conference	18 - 19 June	Hungary, Budapest	http://www.innovationsociety.eu/invitation

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