



Information Sessions and Training in Regional Policy
Regional Policy Dialogue with China

A project of the European Commission's Directorate General Regional and Urban Policy (DG REGIO) in the framework of the European Parliament's preparatory action to enhance regional and local co-operation by promoting EU regional policy on a global scale

**Report on the VIII. EU-China High Level
Seminar on Regional Policy**

held in Brussels on 09 October 2013

Report elaborated by:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Contact:

Mr Pablo Gándara, cetregio@giz.de

Mr Stefan Unseld, stefan.unseld@giz.de

Introduction

The IX High Level Seminar on Regional Policy took place in Brussels. It was the eight in a row of annual seminars held in different Chinese and European cities since 2006. The session was attended by some 80 participants from China and Europe focused on interregional cooperation and regional innovation systems.

List of speakers

Speakers of the European Commission (Directorate General for Regional and Urban Policy - DG REGIO) and of selected European regions:

- Mr Walter Deffaa, Director General, EU Commission, DG REGIO
- Mr Ronald Hall, Principal Advisor, EU Commission, DG REGIO
- Mr Ramon López, Administrator, EU Commission, DG REGIO
- Mr Michel Lamblin, Programme Director, INTERREG IV C Joint Technical Secretariat
- Mr Iñigo Bilbao, Head of the Strategic Planning Department, City Council of Vitoria- Gasteiz
- Mr. Mark Schneider, Manager of the European Service, West Midlands, UK

Speakers from Chinese national and provincial authorities:

- Mr Fan Hengshan, Director General, Department of Regional Economy, National Development and Reform Commission (NDRC)
- Mr Zhou Yiren, Director, Department Regional Economy, National Development and Reform Commission (NDRC), P.R. China
- Mr Lv Yongzhong, Director, Planning Department of Beijing Development and Reform Commission
- Mr. Li Hongwei, Governor, Luogang District of Guangzhou; Vice Chairman, Guangzhou Development District Administration Committee

Chinese Participants included members of the NDRC divisions of Regional Policy and Regional Cooperation, as well as DRC Directors and Deputy Directors from several Chinese regions.

Agenda of the EU-China High Level Seminar on Regional Policy

09:00 – 09:30	Opening Ceremony	
	Chair	Ronald Hall, Director, DG Regional and Urban Policy, European Commission
09:00 – 09:15	Keynote address	Mr Walter Deffaa, Director-General, DG Regional and Urban Policy
09:15 – 09:30	Keynote address	Mr Fan Hengshan, Director-General, Department Regional Economy, National Development and Reform Commission (NDRC), P.R. China
09:30 – 10:30	Session I: Interregional cooperation In the framework of the EU-China regional policy dialogue, several projects and exchanges have been organized on innovation following the signature in 2009 of an addendum to the Memorandum of Understanding on regional policy cooperation to focus cooperation <i>inter alia</i> on regional innovation strategies and promotion of regional clusters. There is huge potential to develop networking and mutual learning initiatives between EU and China to allow their respective regions to improve their innovation capacity or in giving their industrial clusters an innovative impulse. The session will provide insight on tools and experience available on both sides.	
	Chair	Mr Ronald Hall, Director, DG Regional Policy, European Commission
09:30 – 09:50	Speaker	Mr Michel Lamblin, Programme Director, INTERREG IV C Joint Technical Secretariat
09:50 – 10:10	Speaker	Mr Zhou Yiren, Director, Department Regional Economy, National Development and Reform Commission (NDRC), P.R. China
10:10 – 10:30	Discussion	
10:30 -12:30	Session 2: Regional innovation systems Regional innovation systems are widely recognised as having an important role to play in economic and innovation policy as they highlight the crucial importance of spatial proximity and favourable institutional structures at the regional level for innovation activities. The session will allow representatives from EU and Chinese regions to exchange experiences and good practices on how to improve the capacity of regional economies to change and innovate.	
	Chair	Mr Zhou Yiren, Director, Department Regional Economy, National Development and Reform Commission (NDRC), P.R. China
10:30 – 10:50	Speaker	Mr Lv Yongzhong, Director, Planning Department of Beijing Development and Reform Commission
10:50 – 11:10	Speaker	Mr. Mark Schneider, Manager of the European Service, West Midlands, UK
11:10 – 11:30	Speaker	Mr. Li Hongwei, Governor, Luogang District of Guangzhou; Vice Chairman, Guangzhou Development District Administration Committee
11:30 – 11:50	Speaker	Mr Iñigo Bilbao, Head of the Strategic Planning Department, City Council of Vitoria-Gasteiz
11:50 – 12:30	Discussion	
12:30 – 13:00	Closing remarks	
	Chair	Mr Zhou Yiren, Director, Department Regional Economy, National Development and Reform Commission (NDRC), P.R. China
12:30 – 12:45	Concluding Remarks	Mr Fan Hengshan, Director-General, Department Regional Economy, National Development and Reform Commission (NDRC), P.R. China
12:45 – 13:00	Concluding Remarks	Mr Ronald Hall, Director, DG Regional Policy, European Commission

Summary of the sessions

Introduction by Mr Walter Deffaa, Director General, DG REGIO

Mr Deffaa started by stocktaking the progress achieved within the EU-China Regional Policy Dialogue. He particularly referred to the Chinese-European Training on Regional and Urban Policy (CETREGIO) programme that since 2010 has facilitated exchange between more than 200 Chinese and European experts in both regions. CETREGIO shows the value and the viability of decentralised cooperation between cities and regions.

Mr Deffa focussed on innovation and competitiveness as the key factors to tackle the economic crisis in Europe. Both factors are at the core of Europe 2020 strategy, aiming at achieving a smart, inclusive and sustainable growth. According to Mr Deffa, the regional level is the one where innovative solutions will be delivered, based on a triple-helix-cooperation approach between public institutions, research and business.

With regard to the way forward, the next financial period 2014-2020 concentrates European public investment to specific topics. 50% of funds will be allocated to the less developed European regions focussing on innovation, small and middle size business, key enabling technologies for new industries and energy efficiency. Regions will have to design smart specialisation strategies as a prerequisite for receiving European funds. The ex-ante conditionality will be based on the comparative advantages of regions. Mr Deffa stated that cohesion policy is very much about cooperation and that this is the reason why the EU supports building clusters. 90% of clusters in Europe have received European support through the ERDF. However, internationalisation of clusters is still insufficient since only 10% of them have partners overseas. Sharing information between China and Europe within this seminar will support companies in both regions. Mr Deffaa also expressed his gratitude to the European Parliament that has made possible the deep cooperation between China and Europe on regional and urban development issues.

Welcoming words by Mr Fang Hengshan, Director General, Department of Regional Economy, NDRC

Mr Fang referred to the long track of regional policy dialogue between the European Union and China. He mentioned the training and research programmes implemented within the dialogue have involved the vast majority of European Union member states and all Chinese provinces. Mr Fan stated that the activities have had an important impact in the elaboration and implementation of the 11th and 12th Five-Years-Plans.

China's regional development policy has contributed to developing the western and central area as well as to revitalising old industrial areas. Also poverty alleviation has been at the centre of the efforts: since 2012, there is special support to 11 poverty areas. Mr Fan stated that this is also a result of EU-China cooperation. Mr Fan stated that China is currently at a transition stage upgrading industrial development. However, the complex local and international context has had negative impact on the economic development, leading to an unbalanced development. The Chinese government is trying to support efficiency by strengthening innovation. The key challenges to be tackled include:

1. Equalising public services by using the market economy as the key driver
2. Improving the regional policy system developing tailor-made strategies for specific areas
3. Promoting better coordination and management through a better governance and legal framework
4. Promoting urbanisation in a coordinated way with new types of city clusters with Chinese characteristics

Mr Fan explained that NDRC learns from the European Union while developing its regional policy.

I. Session 1: Interregional Cooperation

Chairman: Mr Ronald Hall, Principle Advisor of DG REGIO

Mr Michel Lamblin, Programme Director, INTERREG IV C Joint Technical Secretariat

Mr Lamblin introduced the Interreg IVC programme that aims at fostering interregional cooperation. The programme contributes to improving the effectiveness of regional development policies and instruments through large-scale information exchange and sharing of experience (networks). It promotes exchange between regional and other public authorities across the entire EU territory and neighbouring countries, allowing regions without joint borders to work together in common projects and develop networks of co-operation.

In the current period (2007-2013) there have been more than 1350 applications and 204 projects have been funded. 90% of European Union's regions have been included, with a focus on innovation (55%) and environmental protection (45%). Since 2003, INTERREG has compiled a large database of best practices in Europe, that can be used for the exchange with China. In the next financial framework (2014-2020), the programme will concentrate in two pillars: innovation and knowledge economy.

Mr Lamblin referred to the cooperation potential with China, especially through disseminating the regional policy dialogue results across Europe. He also proposed to make INTERREG's system of indicators, tools and databases available to Chinese policy makers in order to contribute to a sustainable development in China.

Mr Zhou Yiren, Director, Regional Economy Department, National Development and Reform Commission

Mr Zhou focused on the special functional areas with regard to industry clusters and innovation development. Although China has made remarkable progress in coordinated regional development, regional development disparities still prominent, improper competition and duplications between regions still serious; mechanisms and systems still incomplete for coordinated regional development. Although special economic zones have boosted economic growth and regional innovation capacity, regional development imbalances have increased. Also the extensive land use has caused serious environmental pollution.

Therefore, the Chinese government aims at establishing principal function areas, defined according to resources and environmental capacity. Also the current development intensity and consequences for population distribution, land use and urbanization will play a key role on this. The idea is to determine the direction of development, improve development policies, control development intensity, regulate development order and gradually shape a landscape of land space development with harmony among population, economy and resource/environment.

This new special functional areas are comparable to the EU's smart specialisation strategies, since they aim at taking the natural specific conditions as a key driver for development. This allows differentiation of principal functions and an environmentally friendly economic development.

II. Session 2: Regional Innovation

Chairman: Mr. Zhou Yiren, Director, Regional Economy Department, National Development and Reform Commission

Mr Lv Yongzhong, Director, Planning Department of Beijing Development and Reform Commission

Mr Lv explained stated that since 2012, Beijing has been developing with the slogan “Innovation driven city”, with a focus on research and development. Beijing is a centre of R&D with more than 300 research centres (30% of the country’s total). Since 2013, a new cooperation mechanism (“6+1”) has been put in place to improve inter-ministerial cooperation.

Beijing has made huge progress on regional innovation, including the Zhongguancun village, also known as the Silicon valley of China. The site encompassed 48 research centres and science parks and is responsible for 1/7 of the total innovation output in China. Endogenous innovation will be further improved by reforming the institutional structures. Also more public resources will be allocated to innovation driven companies. Beijing’s Municipal Development and Reform Commission aims at further improving cooperation between universities and companies. Also the evaluation system of economic development management should be further improved based on European experiences.

With regard to clusters, there are more than 150 clusters in Beijing, many of which are implementing more than 1.000 R&D based projects. Since 2012, Beijing has strongly developed electric vehicles and nanotechnologies. These and other areas give a large base for cooperation with European business, cities and regions.

Mr Li Hongwei,

GDD is one of the first group of state-level economic and technological development districts set up in China. With a total planned area of 78.92 square kilometers, GDD has the unique “four-in-one” administration system consisting of national Economic and Technological Development District, High-tech Industrial Development District, Free Trade Zone and Export Processing Zone. There are over 6000 companies from more than 60 countries and regions investing in GDD, among which over 2900 are foreign-invested projects and 112 are invested by Fortune 500 companies. GDD is a state-level innovative science-tech area, attracting 1258 companies and 386 R&D institutes. In 2012, the R&D investment volume accounted for 3.85% of GDP.

Mr Hongwei mentioned that more than 2000 overseas talents and students set up their business in GDD with over 700 newly established enterprises. In 2012, the Guangzhou Science Park reached the total business revenue of 29 billion Euros and a total industrial output of 16.2 billion Euros. He also stated that the Guangzhou International Biotech Island will cover an area of 1.8 square kilometers with functional clusters of industrial incubation area, R&D area and industrial service area, etc.

Mr Li Hongwei also referred to the GDD Innovation Relay Center, aiming at facilitating the knowledge flow and technology transfer. He also explained the Innovation Alliance of New High-tech Industry, focusing at establishing an industry-university-research cooperation system. He also mentioned that Local government’s investment in science and technology grows constantly. Mr Hongwei also shown some examples of innovation centres at GDD, including the South China New Medicine Innovation Center and the Knowledge City that covers a planned area of 123 square kilometers with a 10-square-kilometer Start-up Area. The goal is to build a new highland for internationalized knowledge economy. Regarding GDD innovation with Europe, he mentioned the Sino-UK Biotech Bridge for international biotechnology and the cooperation with Sophia Antipolis in France.

With regard to the urban-rural cooperation, Mr Li stated that in 2005, In 2005, to fully utilize the radiation effect of GDD, Guangzhou Municipal Government set up a new administrative district (Luogang District) by integrating the surrounding rural areas of GDD with a total area of 393 square

kilometers and a population of 370 thousand. The rural areas cover 80% of GDD with a rural population of 130 thousand. The infrastructure of roads, water supply and public services like culture, education and health are gravely insufficient. However, there are several measures undertaken to change the underdevelopment of rural areas.

Mr Mark Schneider

Mr Schneider focused on the Structural & Investment Funds (2014-2020) in the West Midlands (WM) and their potential to support the development of international markets. The West Midlands A region of contrasts: 2 large conurbations (Birmingham/Black Country & Stoke) and Rural areas to the West, North and South. It has been historically centre of manufacturing (industrial revolution). Although manufacturing is still important, it is been largely reduced (1996 22%, 2012 11%), but it is still above the UK average (13.1%). High value manufacturing areas include transport technologies, intelligent mobility, high performance engineering, automotive and aerospace. Also environmental and green technology, including low carbon vehicles have production sites in the West Midlands. Other areas of technological innovation include food production, horticulture, medical technologies and gaming.

Mr Schneider focused on the key areas of investment of the European Structural & Investment Funds (SIF). Particularly the ERDF priorities for 2014-2020 are research, technological development & innovation. Also the enhancing the competitiveness of SMEs and supporting the shift towards a low carbon economy in all sectors is a key area of investment. Moreover, promoting climate change adaptation, protecting the environment and resource efficiency and promoting sustainable transport are further fields of action. For the next financial period, SIF in the UK will be delivered through 39 LEPs (Local Enterprise Partnerships) instead of 9 Regional Development Agencies for the last period. LEPs are partnerships between public and private sectors to drive economic development. West Midlands' LEP will concentrate inter alia on increasing the numbers of 'growth firms', the numbers of businesses investing in innovation and developing new markets (internationalisation).

In this context, in May 2013 an inward mission from China to WM through the CETREGIO programme focused on urban-rural dynamics, visiting Shropshire (Flax Mill & Food Technology Centre) and Staffordshire (JLR I54 site). As a follow-up, in June 2013 a member of Shropshire County Council visited China (Guangxi) to explore new business possibilities. In November 2013 two representatives of the West Midlands will participate at the regional innovation workshops planned in China (Wuhan and Tianjin) as well as at the EU-China Urbanisation Forum in Beijing. In the 1st half of 2014, the West Midlands are targeting a pilot Business to Business mission on high value manufacturing (Ceramics, Agri-Food) to China. These steps are being coordinated with UKTI and supported through SME Internationalisation (ERDF project).

Mr Iñigo Bilbao, Head of the Strategic Planning Department, City Council of Vitoria- Gasteiz

With 240.000 citizens, Vitoria-Gasteiz is a medium size city in European scale. However, approx.80 per cent of Europeans live in cities of this size. Vitoria-Gasteiz referred to the rapid urbanisation during the 1970s (population was doubled within only ten years). Mr Bilbao stated that the city is very compact (only three kilometres from the centre to the border), allowing population to walk and cycle. The city is surrounded by a green belt and is an area of great biodiversity.

With regard to land use, one third is the city is urban area, one third is rural area and one third is forest. Vitoria's goal is to interconnect all the green areas within and outside the city. One of the main objectives in the near future is to close the green belt around the city.

Mr Bilbao explained Vitoria's strategy against the climate change based on modal split and lower energy consumption. The goal is to become a carbon neutral city by 2050. With regard to traffic, Mr Bilbao stated that the use of private cars has decreased dramatically, whereas cycling and walking have increased. In 2006, the traffic share of private cars was 75 per cent, but since then it has been largely reduced towards public transportation. Car parking pricing policy played here a key role.

Mr Bilbao also referred to the cooperation with China since his city's involvement in the CETREGIO programme. Vitoria-Gasteiz is preparing twinning activities with cities in Fujian province as well as in

Tianjin city. Mr Bilbao expressed his gratitude to the European Commission since the CETREGIO programme has been the key driver of this cooperation.

Discussion

Ms Yiu Limiao, a student in the UK, asked about the decentralised cooperation mechanism at the local level in China. Mr Li Hongwei answered that the new focus is to give more power to local authorities. Mr Fan complemented that tax exemption is no longer an instrument for attracting innovative companies, but that the vision is rather providing a platform for innovation.

Ms Sigrid Winker from Austrian TMG in Linz gave some examples of best practices in Upper Austria and invited Chinese delegates to establish links with her region. She also mentioned that the EU-Danube Strategy is a good practice for China since it contributes to creating innovation chains. China has similar cross-regional cooperation mechanisms that offer good experiences for Europe.

Mr Tin Pajil from the Internationalization Board at Zagreb' City Council explained the longstanding cooperation with Shanghai city but aimed at boosting exchange in areas like tourism and innovation.

Discussions further centred on creating a joint investment platform for the EU and China and involving more business representatives in the CETREGIO programme. The sectors will depend on the comparative advantages and special features of the regions involved, including green development

Closing remarks

Mr Fan Hengshan expressed his gratitude to the European Commission for a productive workshop. He referred to the contents discussed about innovation and its value in overcoming the financial crisis.

Mr Hall referred to the future focus of the dialogue on urban areas, since DG REGIO is concentrating on new priorities. DG REGIO will not be able to involve all themes and areas, but will involve business representatives in the activities scheduled for 2014.