

ESPON 2013 Programme

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The Economic Crisis, European Regions and Cities

In cooperation with the Czech EU Presidency, the ESPON Programme organised an Open Seminar in Prague on 3 – 4 June 2009 addressing Territorial Development Opportunities during the Global Economic Recession for regions, cities and larger territories.

In the presence of Minister Rostislav Vondruška, Ministry for Regional Development of Czech Republic, Dirk Ahner, General Director of the European Commission DG Regional Policy and representatives of the Organisation for Economic Co-operation and Development (OECD) and the European Investment Bank (EIB), the ESPON Seminar created a first understanding of the territorial dynamics related to the crisis.

Dirk Ahner presented the EU's response to the financial crisis to protect savings, maintain a flow of affordable credit for businesses and households and put in place a better governance system for the future. He presented the role attributed to the EU Cohesion policy within the European Economic Recovery Plan, in particular for addressing some important issues like how to invest public resources so as to achieve long-term impacts. Smart investment in the activities needed to drive a knowledge-based, low-carbon European economy.

“When addressing the global economic recession it is crucial to underline that the crisis is in progress and not over yet despite first encouraging signs of recovery.” Peter Mehlbye, Director of the ESPON Coordination Unit, said. *“Any attempt to measure its territorial footprint will only give a snapshot that probably will look different in the medium term. As facts broken down to regions/cities are not yet available for 2008-2009, this also hampers an evidence-based understanding of impacts at the level of regions and cities”* – he added.

The speakers told the audience of over 250 researchers and policy makers several key messages:

- Some countries are affected more than others depending of the solidity of the national economy and the consequences on domestic demand.
- The crisis accelerates structural change of regional economies which will be due in the long term, generating threats as well as opportunities for regions pending on their assets and potentials.
- Regions are hit in an asymmetrical pattern just like micro-regions and towns depending on the vulnerability in their economic base.

- The economic specialisation of regions and the structure, size and solidity of local companies are important for the impacts experienced.
- Some regions do better than before apparently un-affected or benefiting of the current economic situation.
- Bigger cities could suffer more than smaller ones as their integration in the world market is more profound.
- Large cities seem however better equipped to absorb negative impacts of the crisis as their capability to substitute labour market effects is higher.
- In Central and Eastern Europe, capital cities seem less affected by the economic downturn than in other parts of Europe.
- Long term benefits should be the focus of recovery measures taken by regions and cities addressing the opportunities inherent in the diversity of assets.
- Territorial diagnostics should be enhanced as a tool in finding the best measures in combating the crisis.

Summing up the first discussion, it seems that country and sector specific impacts hit regions and cities in random territorial patterns. This is due to regional/urban vulnerability. Contraction/layoff seems often to depend on a combination of national economic vulnerability, the degree of export orientation in the regional/local economy and the presence of economic sectors with high vulnerability, such as finance and banking, housing and the automotive industry. The solidity of individual businesses is also an important factor that seems to explain some negative impacts on local labour markets. Whether larger or smaller cities in general conquer the current challenges best is disputed by experts and remains to be seen based on data and facts.

A **special report** in which ESPON offers some ideas on understanding of the possible effects of the crisis will be soon available at the ESPON Website.

The presentations at the seminar are available on the ESPON Website at www.espon.eu under the "Events 2009" section of the ESPON 2013 pages.

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The ESPON 2013 Programme is part-financed by the European Regional Development Fund, the EU Member States and the Partner States Iceland, Liechtenstein, Norway and Switzerland.

It shall support policy development in relation to the aim of territorial cohesion and a harmonious development of the European territory. ESPON shall support Cohesion Policy development with European wide, comparable information, evidence, analyses and scenarios on framework conditions for the development of regions, cities and larger territories. In doing so, it shall facilitate the mobilisation of territorial capital and development opportunities, contributing to improving European competitiveness, to the widening and deepening of European territorial cooperation and to a sustainable and balanced development.

The Managing Authority responsible for the ESPON 2013 Programme is the **Ministry of the Interior and for Spatial Development of Luxembourg**. More information: www.espon.eu