



# My Region, My Europe, Our Future: the 7<sup>th</sup> Cohesion Report

**Laura de Dominicis**

**Economic Analyst**

**Policy Development and Economic Analysis Unit**

**DG for Regional and Urban Policy**

**European Commission**

*Encuentros Anuales 2017*

*Sesión conjunta para los cuatro FEIE*

**Madrid, 29<sup>th</sup> November 2017**

Regional  
and urban  
Policy

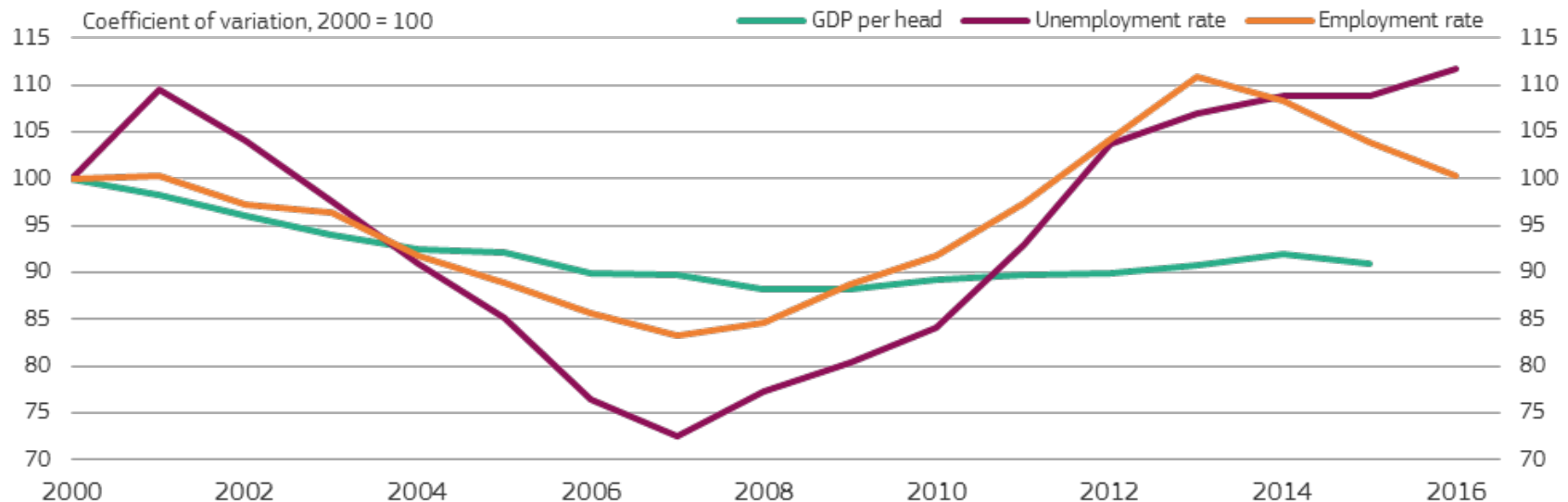
# Presentation

- 7<sup>th</sup> Cohesion Report:
  - 6 chapters
  - 204 pages
  - 112 charts
  - 73 maps
  - 36 tables
- Challenge: summarise this in 7 key messages

# 1. Regional disparities are narrowing again

# Crisis led to divergence and recovery to convergence

**Figure 1.1** Coefficient of variation of GDP per head, employment rate (20-64) and unemployment rate in EU-28 NUTS 2 regions, 2000-2016 (indices, 2000=100)

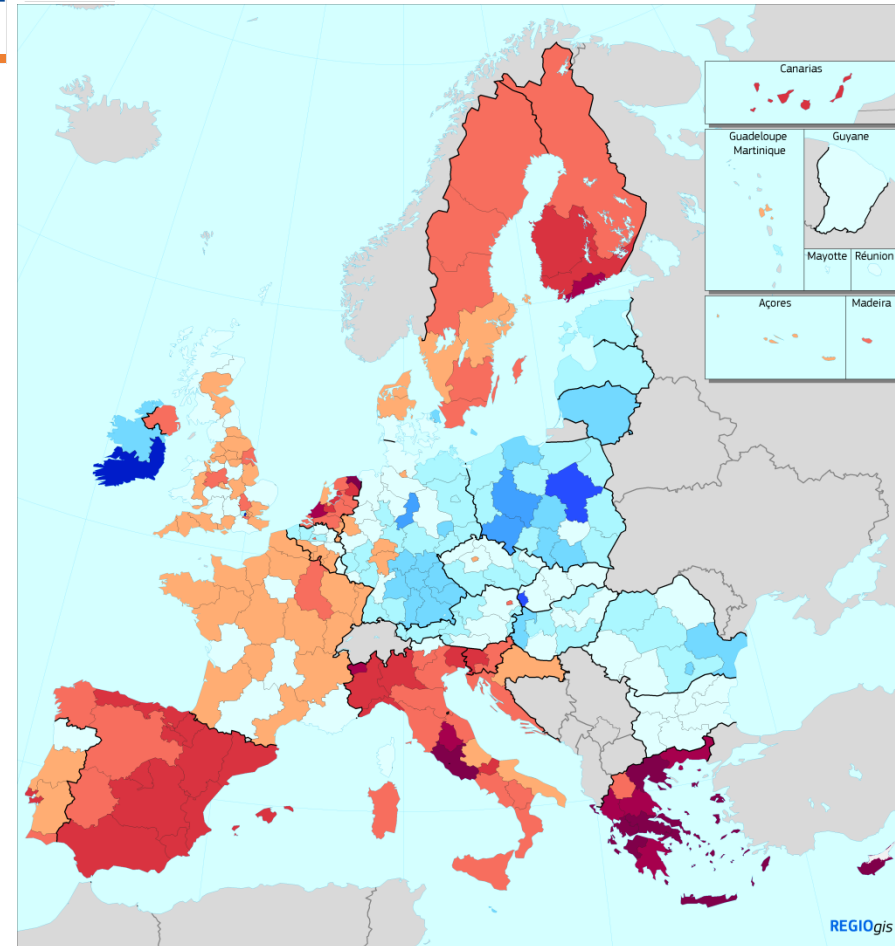


The coefficient of the variation is weighted by the population of each region

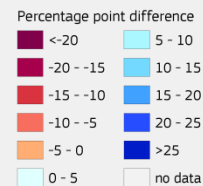
Source: Eurostat, DG REGIO calculations

# Economic cohesion

- Regional disparities are narrowing again
- Regions in eastern Member States have converged to the EU average, but Greek and Italian regions diverged substantially



Change in GDP per head index, 2008 vs 2015

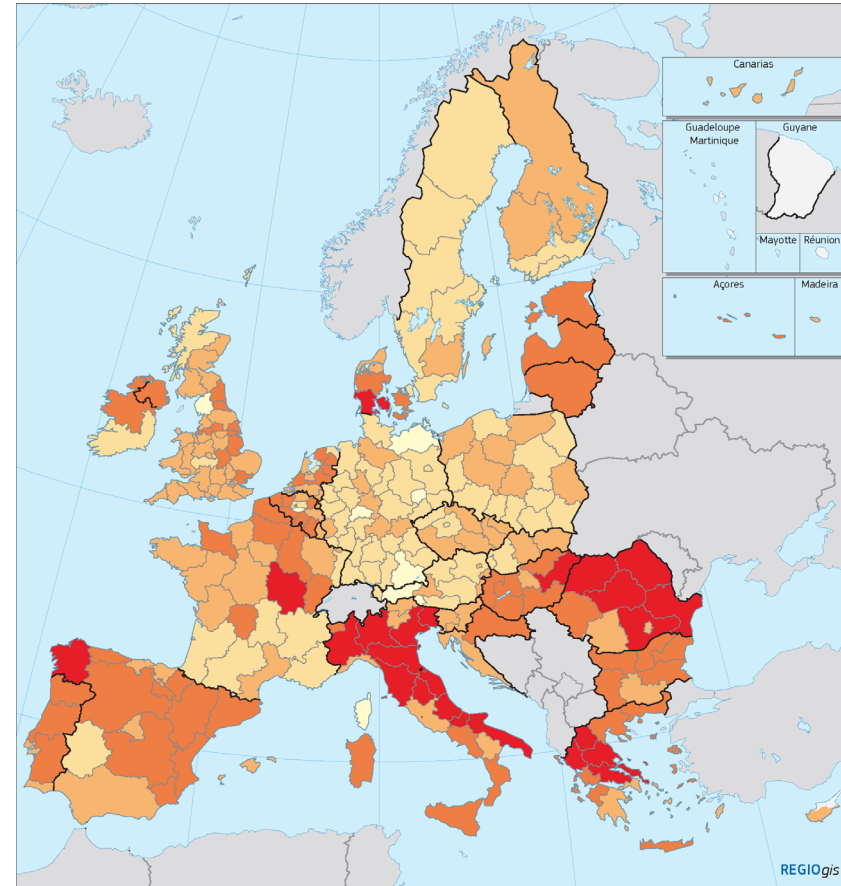


EU-28 = 0  
Source: Eurostat, DG REGIO

0 500 km

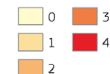
# Harnessing globalisation in the EU

- Some 9% of EU regions, located in 7 different Member States, are at high risk from globalisation
- Most are located in southern or central, eastern and southern Europe
- Need to move-up the value chain (i.e. S3 Strategy)
- These risks may diminish over time with investments in innovation and education



Map 1.5 Risk factors linked to globalisation and technological change

Number of risk factors out of 4 (see footnote)



A risk factor is defined as a negative value for the first indicator and a value above the EU regions average for the next indicators:

- Employment growth in the industry between 2000 and 2014;
- Share in employment of low-technology manufacturing, 2016;
- Share of people between 25 and 64 with a low educational attainment, 2016;
- Change in manufacturing ULC between 2003 and 2014.

Source: Eurostat, DG REGIO calculations

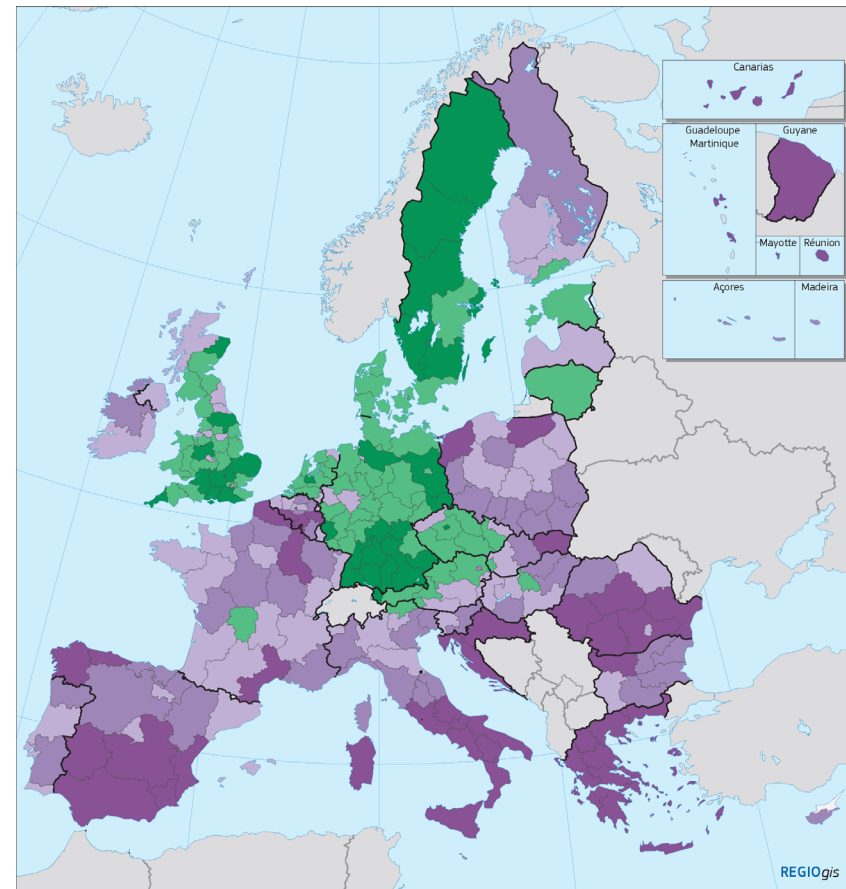
0 500 km

© EuroGeographics Association for the administrative boundaries

## **2. Employment has recovered but unemployment is still above its pre-crisis level**

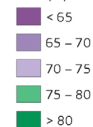
- **Employment rate** at EU level exceeded the pre-crisis level for the first time
- In the EU28, at 71%, it is 1 percentage point higher than in 2008 but still well below the 75% target for 2020 set by the Europe 2020 strategy
- The situation, however, varies markedly across the EU
- Many regions in the south and east of the EU still have (very) low employment rates

- Spain: 63.9%
- Andalucía: 54.1%
- Comunidad de Madrid: 70.4%



Map 2.5 Employment rate (20–64), 2016

% of population aged 20–64



EU-28 = 71  
The Europe 2020 target is 75  
Source: Eurostat

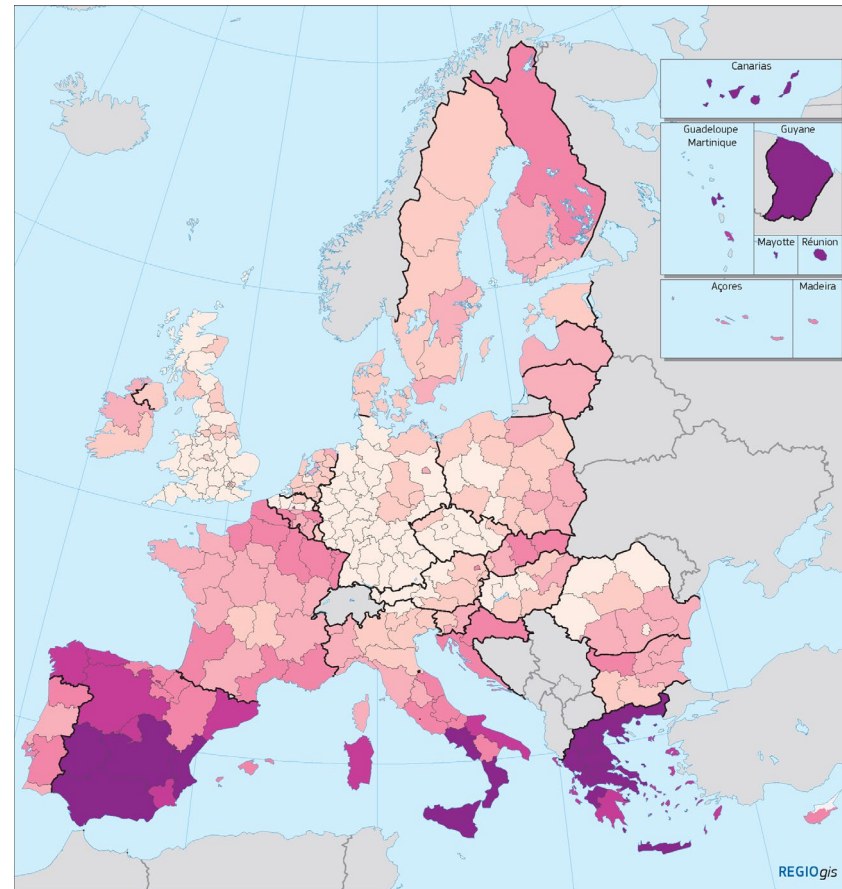
0 500 km

© EuroGeographics Association for the administrative boundaries



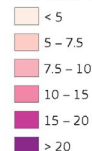
- **Unemployment** is still above pre-crisis level and regional disparities have not started narrowing yet
- The unemployment rate across the EU has fallen from a high of 10.9% in 2013 to 8.6% in 2016 and 7.7% in 2017, still above the 7% it was in 2008
- In some regions, the unemployment rate remains at historical heights

- Spain: 19.6%
- Comunidad de Navarra: 12.5%
- Andalucía: 28.9%



Map 2.7 Unemployment rate, 2016

% of labour force



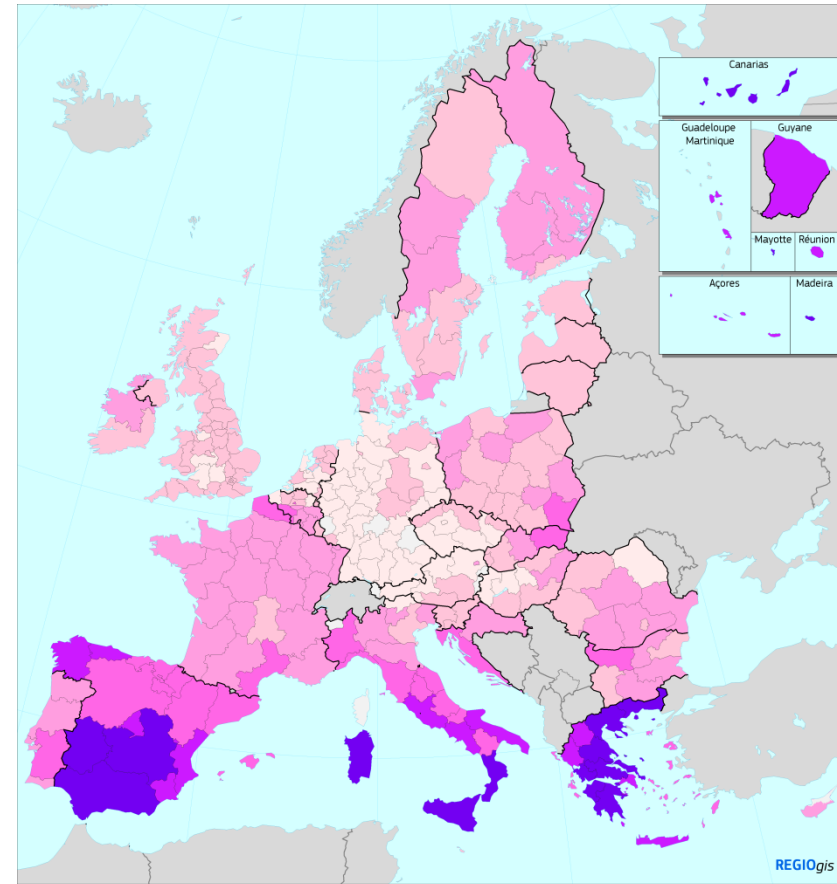
EU-28 = 8.6  
Source: Eurostat

0 500 km

© EuroGeographics Association for the administrative boundaries

- In particular youth unemployment remains high. It was 18.7% in the EU in 2016.

- Spain: 44.4%
- Andalucía : 57.9%
- Cantabria: 32.2%



Youth unemployment rate, 2016

% of labour force aged 15-24



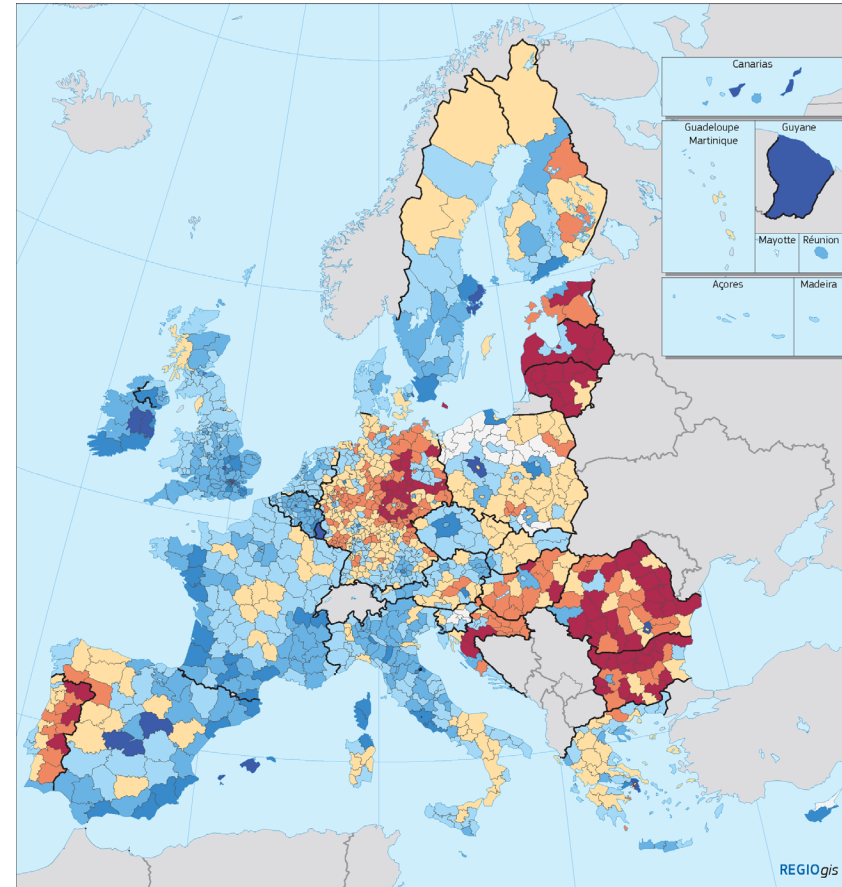
EU-28\* 18.7%  
Source: Eurostat

0 500 km

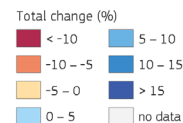
© EuroGeographics Association for the administrative boundaries

# **3. Some regions have rapid population growth while others depopulate**

- Big differences in unemployment and income across the EU encourage people to move to find better job opportunities and/or escape unemployment and poverty
- Movements have predominantly been from the EU-13 to the EU-15 and within the EU-13 from rural regions to capital and other large cities
- Two out of three people in EU-13 live in a shrinking NUTS 3 region



Map 4 Total population change in NUTS 3 regions, 2005–2015



EU-28 = 284  
 DK, DE, DE, DEE: data before 2007 was extrapolated.  
 PLS2: NUTS 2  
 Source: Eurostat, DG REGIO

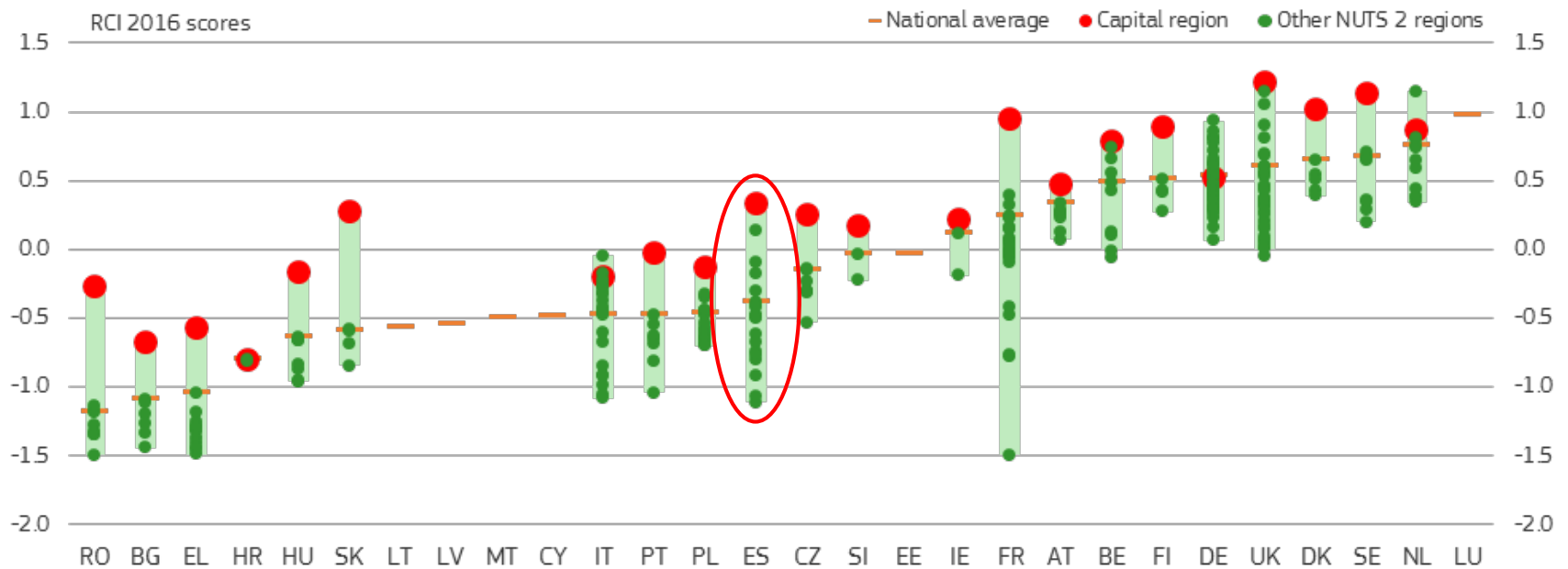
0 500 km

© EuroGeographics Association for the administrative boundaries

## 4. Cities combine opportunities with challenges

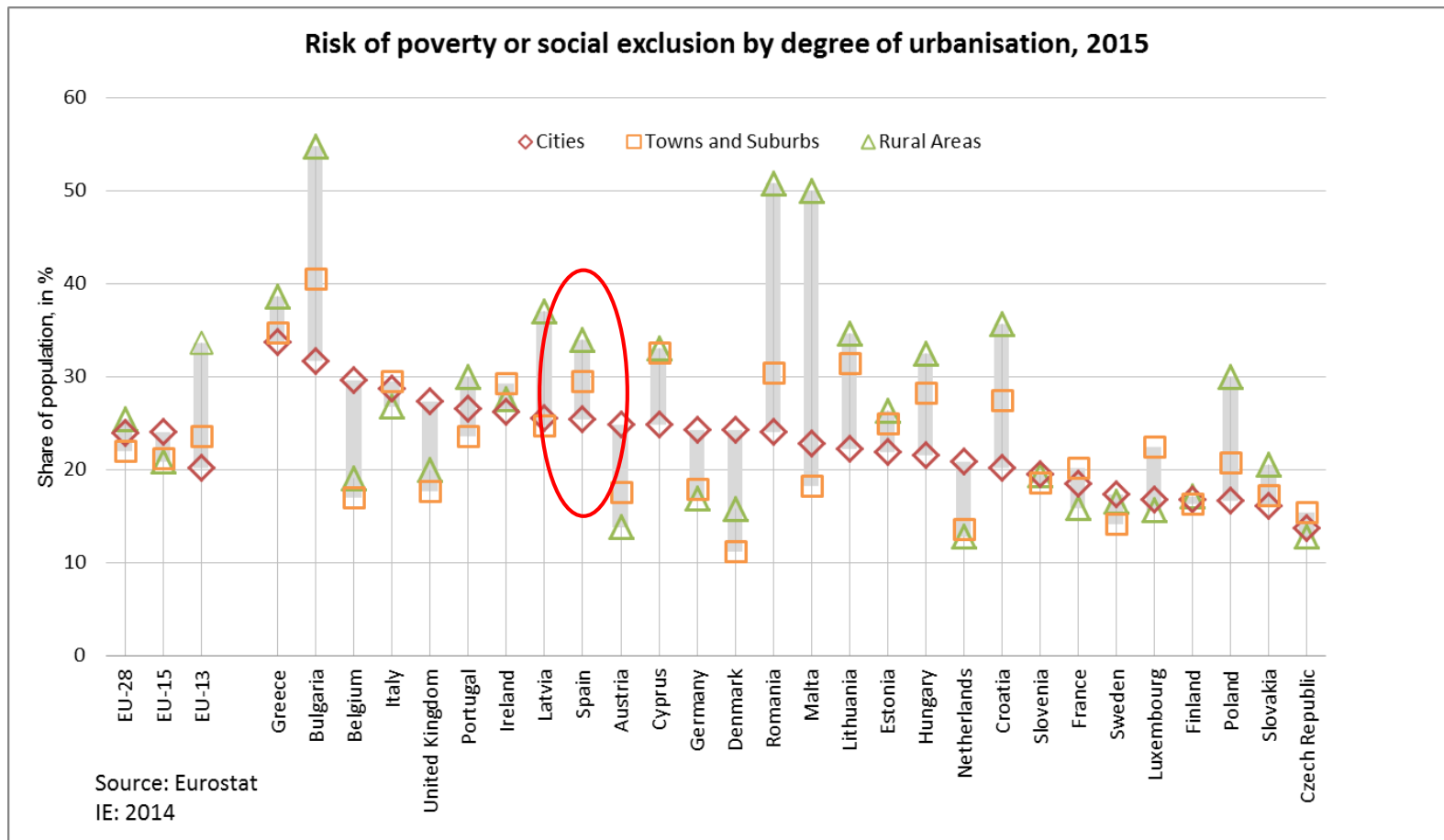
## Capital and metro regions are the main drivers of regional competitiveness in Europe

**Figure 1.22 Regional competitiveness index, 2016**

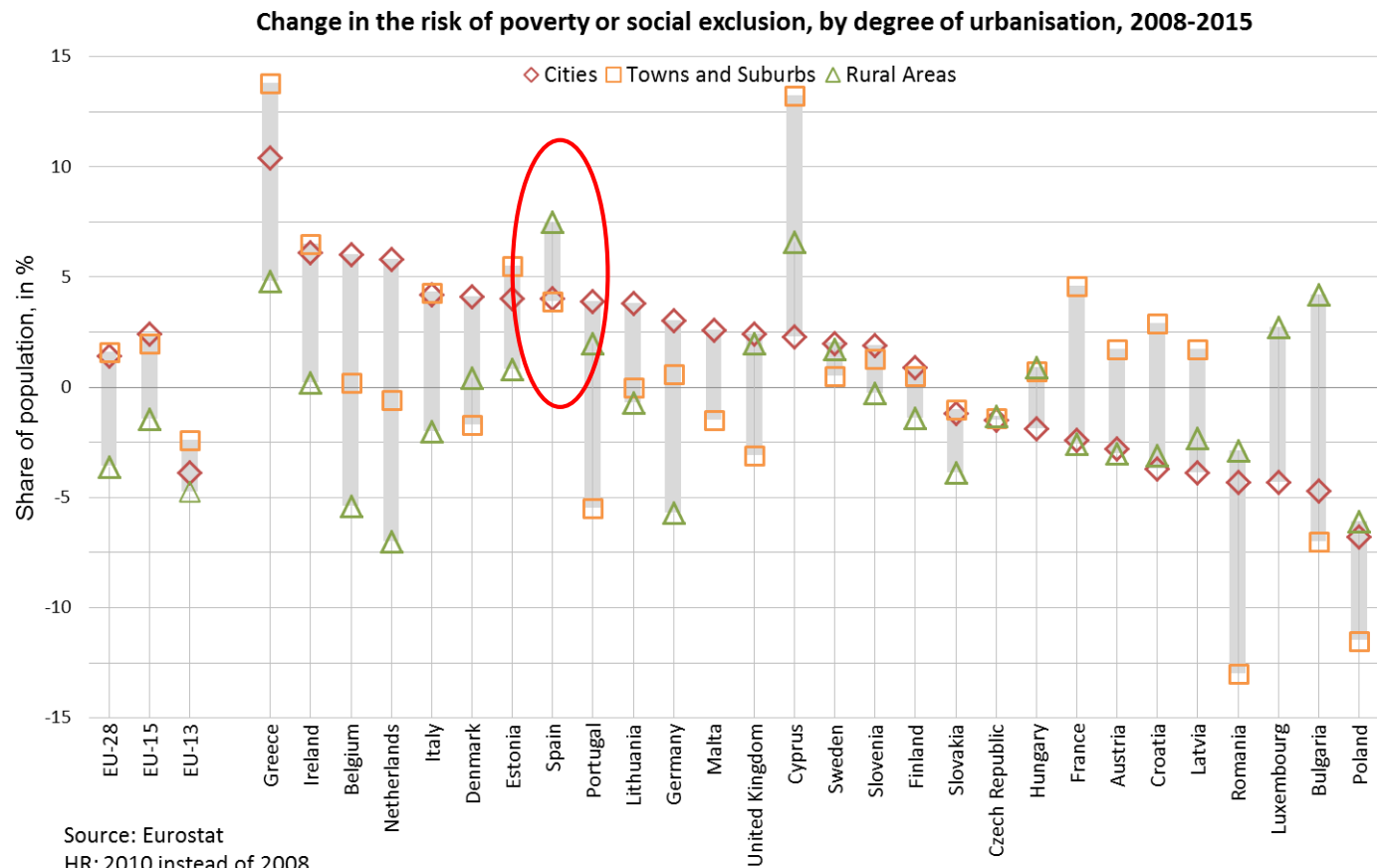


Source: Annoni et al. (2017)

- Poverty remains high, especially in the Baltic and southern Member States
- High in rural areas in EU-13/in urban areas in EU-15



- Poverty and social exclusion decreasing in EU13

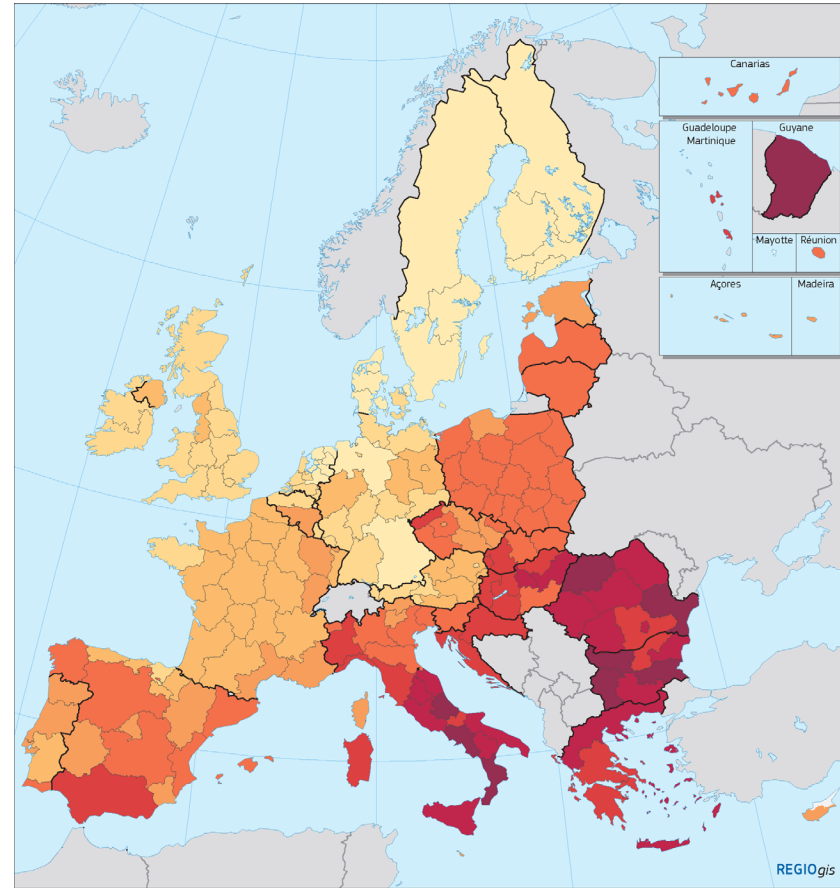


Source: Eurostat  
 HR: 2010 instead of 2008  
 IE: 2014 instead of 2015



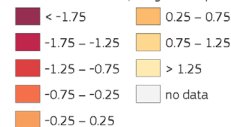
# 5. Improving the quality of government is likely to boost growth

- Government efficiency differs between Member States and regions
- EQI is based on an extensive survey covering the perceptions of people of public sector services (education, healthcare law enforcement)
- It measures the extent to which people feel that the services concerned are not affected by corruption, are of a good quality and are accessible in an impartial way



Map 4.1 European Quality of Government index, 2017

Standard deviation, range from poor quality (negative) to high quality (positive)



EU = 0

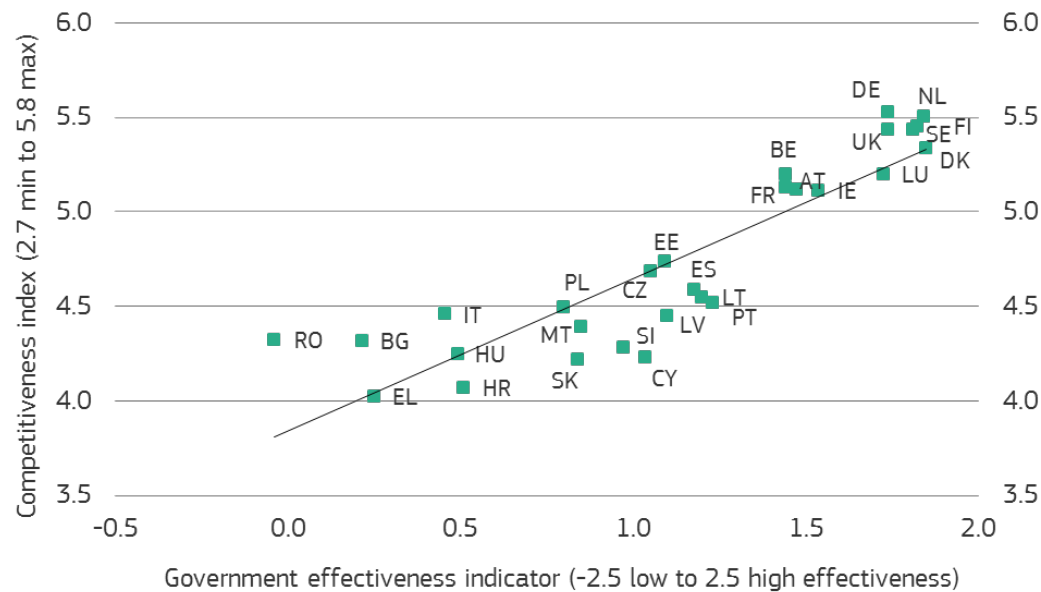
Source: World Bank data and a regional quality of government survey.

0 500 km

© EuroGeographics Association for the administrative boundaries

- The quality of government and institutions appears to be the main obstacle to development in regions with persistently low growth rates
- Improving institutions would also amplify the impact of cohesion policy

**Figure 4.3 Economic impact of government effectiveness, 2015**



Standard deviation (0 = global average)

Source: World Bank Government Effectiveness 2015; World Economic Forum.

Global Competitiveness 2016-2017

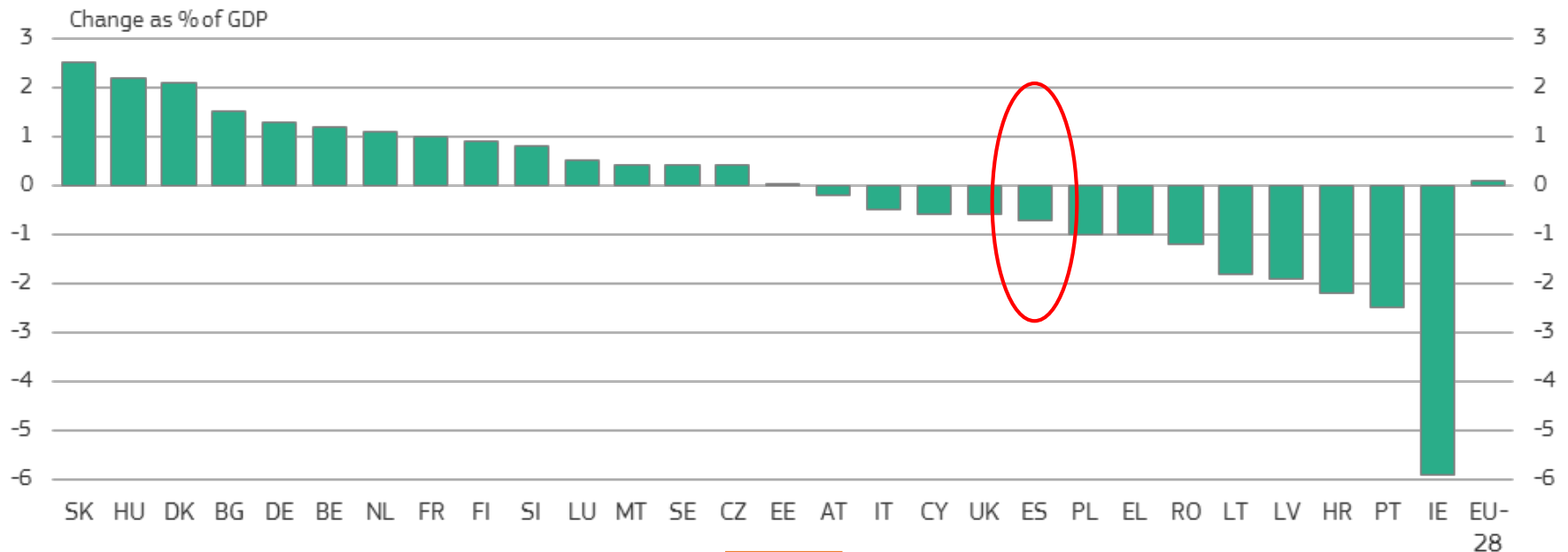
# 6. National public investment has not yet fully recovered

## National policies and cohesion

- Budget deficits were reduced
- But growth friendly expenditure declined in some Member States
- Public investment is still below the pre-crisis level.
- The share of public investment by sub-national authorities dropped between 2001 and 2016

- As a result of pressure on public finances, public investment in the EU fell from 3.4% of GDP in 2008 to 2.7% in 2016
- In a number of Member States, the reduction in growth-friendly expenditure has been substantial

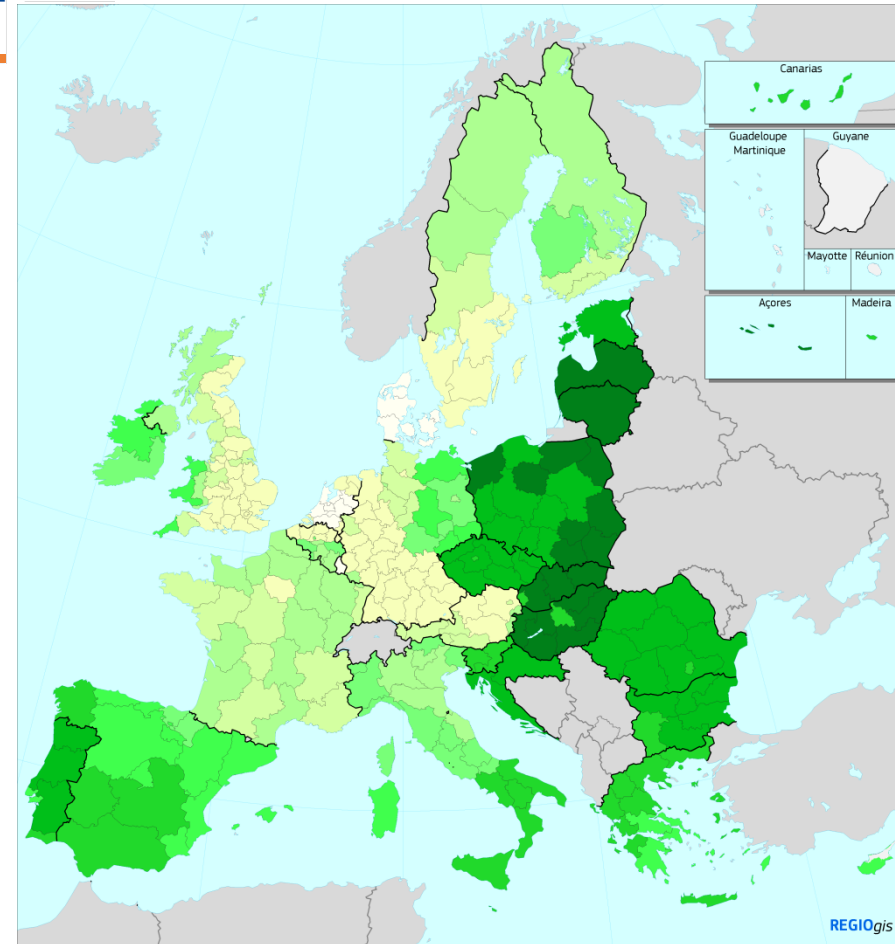
**Figure 5.6 Change in growth-friendly categories of general government expenditure, 2008-2015**



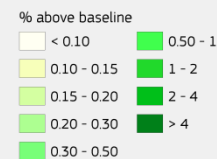
# 7. Cohesion policy had a significant impact on cohesion

# Impact of cohesion policy

- Cohesion Policy in the period 2015-17 provided funding equivalent to 8.5% of public investment in the EU and 41% in the EU-13
- Boosts GDP by 3% after previous and current period in EU-13



Impact of the 2014-2020 Cohesion Policy programmes, 2030

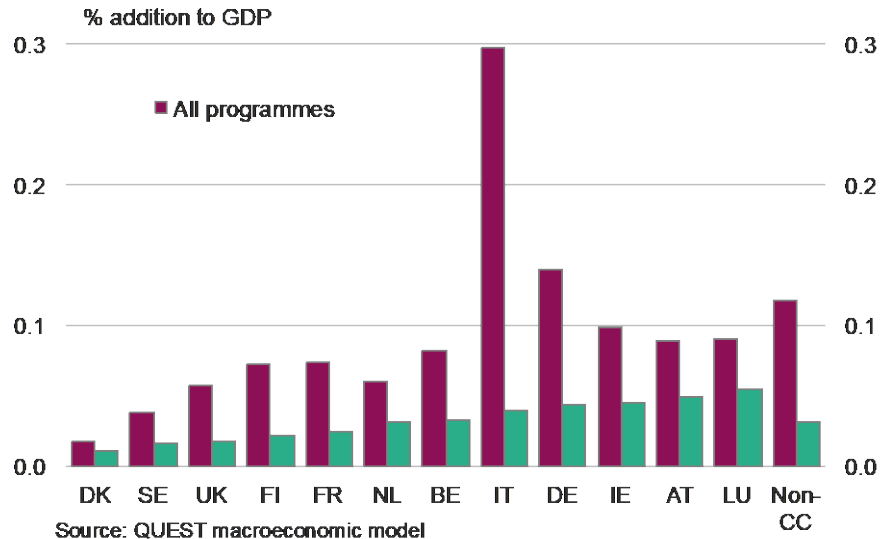


Source: RHOMOLO



# Benefits to non-Cohesion fund countries

**Figure 6.8 Impact of cohesion policy on non-cohesion countries' GDP, all programmes and programmes implemented in the cohesion countries, 2023**



- Increase in exports
- Participation in EU funded projects in cohesion countries

# More material available online

*7<sup>th</sup> Cohesion Report (including data, tables and maps in a .zip file)*

[http://ec.europa.eu/regional\\_policy/en/information/cohesion-report/](http://ec.europa.eu/regional_policy/en/information/cohesion-report/)

*The State of European Cities Report, 2016*

[http://ec.europa.eu/regional\\_policy/en/policy/themes/urban-development/cities-report](http://ec.europa.eu/regional_policy/en/policy/themes/urban-development/cities-report)

*Urban Data Platform (data on EU cities and regions)*

<http://urban.jrc.ec.europa.eu/>