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Regional Parliament in Vorarlberg (Landtag)**

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Sehr geehrte Damen und Herren, Ladies and Gentlemen,

I am happy to be here today surrounded by beautiful mountains dressed in their winter clothes. Visits of regions like Vorarlberg are actually one of the pleasant tasks of a Commissioner for Regional Policy. I consider it essential to keep close contact to European regions and I am interested to see the real progress of economic and social cohesion.

Today, Europe and its regions are facing a number of major challenges. The current financial and economic crisis is of major concern for all of us, and we all worry how deep and long the recession will be. It comes amidst a longer term structural shift characterised by intensifying global integration and competition, which explains the fast contagion. Your relative high share of private sector R&D spending in overall R&D expenditure is certainly a strong point in this context. Moreover, the recent gas conflict has underlined once again how important it is to find solutions for the energy challenge, which in turn is closely linked to climate change. With hydropower you are a net-exporter of energy but climate change is particularly visible in the Alps and other mountain ranges in the world through melting glaciers. And finally, we need to face the demographic challenge of low birth rates and ageing populations. This last point affects you less in Vorarlberg. But you have to spare not efforts to keep the region attractive for young people.

I will come back to specific EU measures as response to the current crisis later. But let me start by saying that you can be proud of your *Land Vorarlberg*. It has mastered structural change in the past and has seized new opportunities. Here I think for example of how you overcame the breakdown of your textile industry, how you have become a forerunner with regard to renewable energy, how *Vorarlberg's* modern architecture has become a landmark through marrying modernity with your local traditions - in short how you managed to renew yourself and become such a versatile production and service location with a top quality of life.

You are surrounded by Europe's most competitive regions and this exposure certainly helps by forcing you to be among the best. You have no other choice. But this also offers you the benefits of cooperation with others. This also makes me optimistic that *Vorarlberg* will be among the leading regions when it comes to finding solutions to the long term challenges I just mentioned.

And EU Cohesion Policy can help in this respect. I am impressed by how much you made out of a relatively limited contribution by the European Regional Development Fund, how much leverage you created. With 24 M€ in the old programming period you

managed to support 444 projects for a total investment volume of 206 M€ - that is impressive (leverage effect nearly 9:1). Some of these investments have been retained as success stories in European regional policy such as the investments in Egg to support a SME and the European leader for construction electronics, the company "Dorner", and where the ERDF helped to expand employment in a promising high-tech sector.

I am convinced that you will be equally successful and reach a similar leverage effect with the 17.66 M€ (ERDF) in the new programming period and your focus on innovation and knowledge (12.6 M€).

What makes me sleep well as European Commissioner responsible for such a big regional investment policy, are sound and efficient control and management structures for European Funding. Here I would like to congratulate you in Vorarlberg to the early approval of the compliance assessment.

One word on cross-border cooperation: I am glad to see that you are highly active and you cooperate with countries with higher allocations. I would like to encourage you to continue to be ambitious in this cooperation.

Ladies and Gentlemen, let me now move to our response to the financial and economic crisis. Before I go into details, let me emphasise that against the backdrop of the turmoil and choppy waters, cohesion policy stands out as offering stable support to the real economy, providing finance to businesses and SMEs.

Nevertheless, the Commission and the Council have adopted important amendments to legislative framework of regional policy in an ultra-efficient cooperation. The EP's decision is expected for 24 March. These proposals shall facilitate faster mobilisation of EU funds in order to accelerate investments by injecting liquidity into regional budgets.

These legislative changes relate to six main areas:

1. An increased pre-financing (advances) of the programmes co-financed by ERDF and ESF by an additional 2% for EU 12, bringing the 2009 advance up to 4%, and by 2.5% for EU 15. For Austria, this means more than €30 mio in 2009. These advances, once available, should be rapidly transferred to the final beneficiaries.
2. For major projects intermediate payments can be made before adoption by the Commission, which is often a lengthy process.
3. Reimbursements by the Commission of advances paid to the beneficiaries of state aid schemes may reach 100% of the aid instead of 35 % previously. This shall help SME's, the primary beneficiaries of these schemes, to carry on with the subsidised projects despite the credit crunch.
4. We also simplify procedures: Overhead costs can be declared on a flat rate basis now for all the Funds not only for the European Social Fund.
5. Changes to the legal provisions relating to the financial engineering instruments will further facilitate the contracting with EIB and EIF. In addition, in-kind contributions could be declared as eligible expenditure (e.g. provision of land for JESSICA projects).

6. And finally, actions in energy efficiency and renewable energies in housing can now be funded in all 27 MS, not only the new MS.

On top of this, we want to do even more. The Directorate General for Regional Policy has set up a working group on simplification. I am delighted that Mrs Susanna Rafalzik from the Austrian Authority (Federal Chancellery?) has been nominated as special adviser to this group. This shows again the high esteem held in Brussels for the Austrian contribution to Cohesion Policy Management. And we share a common purpose: We want to make the delivery mechanisms of EU cohesion policy simpler and better adapted to dynamic developments.

This brings me to my last topic, a topic which is close to my heart: the future of EU Cohesion Policy. The coming months will represent an important period for its design. Let me use this occasion to encourage you to engage in this debate on the future of territorial cohesion, which we have launched last November by our green paper to use the potential of all our territories. This debate is important: Europe is there for all to benefit but Europe is also there for all to contribute.

The Green Paper underlines that we need better cooperation in order to meet the new global challenges which cross administrative boundaries. This cooperation should occur on many levels and involve new partners. It might cover multiple regions and Member States such as the Baltic Sea region, the Danube river basin or the alpine regions in the heart of Europe.

I count particularly on your contributions because you have accumulated a lot of experience in co-operation which you can bring to this debate.

Vielen Dank für Ihre Aufmerksamkeit.