

"The Visegrád Group – Growth Engine of Europe" international
conference
Speech by Johannes HAHN, Commissioner for Regional Policy
24 June, Budapest

Dear Prime-Ministers,
Dear President of the European Commission,
Ladies and gentlemen,
Dear friends,

The European elections have triggered many discussions and debates. For voters, it was an opportunity to reflect on what Europe really does for its citizens. In this respect, Cohesion Policy offers many examples about how the EU is reaching out to ordinary people. After all, it is the main EU instrument for pursuing the objectives of Europe 2020, creating growth and jobs and investing in our future – for instance in renewable energy and energy efficiency.

Cohesion Policy has also been the key tool at EU level mobilised to mitigate the impact of the financial crisis, preventing a collapse in public investment in those countries most affected. In relation to the Visegrad 4, prior to the crisis Cohesion Policy made-up 51% of total public investments. By 2013 it represented 68%.

During this period, the European Regional Development Fund created nearly 600 000 jobs that would not otherwise have been there. It invested in 200 000 SME projects and 80 000 start-ups, financed 22 000 research to business co-operation projects, and provided broadband to well over 5 million people.

But now the challenge is to move away from a reactionary approach of tackling the effects of the crisis and to think about making growth-enhancing investments.

With this in mind the reformed Cohesion Policy for the 2014 to 2020 period, will invest some 350 billion Euro in Member States, their regions and cities. Taking into account national contributions and private investment, this figure could rise to more than 500 billion Euro for the next seven years.

Out of this, some 135 billion Euro or almost 39% of the total has been allocated for the four Visegrad countries. This is a bit higher than what you had available under the 2007-2013 period. But I hope that the new Cohesion Policy would allow you to make much more out of it, as it seeks to shift the focus away from infrastructure and towards the promotion of economic activity.

Cohesion Policy has undergone a far-reaching reform; a reform that has strengthened the link with the Europe 2020 priorities. At the same time it is now also closely linked to the Union's economic governance in order to encourage Member State compliance with the country-specific recommendations under the European Semester. The Policy is more strategic than ever before, focused and results orientated.

The introduction of ex-ante conditionalities is a very important element of this new design. They are there to ensure that the necessary strategic, regulatory and institutional frameworks, are in place to allow an efficient and effective use of the funds.

For example, having a Smart Specialisation Strategy is one such a pre-condition that has to be fulfilled before any funds are invested in research and innovation. I cannot emphasise enough the important of this exercise. It is not just some paperwork that has to be fulfilled. It is a serious thinking and planning process about the future development of our regions, so I urge you to treat it in earnest.

I truly believe that our future development depends on our ability to innovate. As long as we continue to underperform in terms of innovation we will continue to struggle with our competitiveness.

This is why Cohesion Policy has identified research and innovation as one of the four areas of thematic concentration. But looking beyond the European Structural and Investment Funds for a moment, I think that your countries have a lot to benefit from stepping-up their research capacity and absorption from Horizon 2020, the Union's research programme. Investments in research should be an integral part of your economic development plan.

The new approach also promotes the co-ordination between the different funds. The European Regional Development Fund will concentrate the funds on SMEs, innovation, ICT, and the low carbon economy. All are sectors which are most important for promoting growth, jobs and quality of life. The Cohesion Fund will continue to address main gaps in transport and environmental infrastructure, while the European Social Fund will tackle social exclusion through appropriate employment incentives and training measures. The rural

development and the fisheries funds complete the picture in their respective fields of intervention.

At the same time, we have created the framework to have co-ordination between the European Structural and Investment Funds and other important EU instruments. For example, we are facilitating synergies with Horizon 2020 in research and innovation, with the EU programme for the Competitiveness of Enterprises and with the Connecting Europe Facility.

The recent developments in Ukraine have brought before us with much urgency the problem of energy dependency. There is no doubt that Europe would go a long way in improving its competitiveness and reducing energy imports by simply becoming more efficient. It is estimated that for every 1% improvement in energy efficiency we reduce our gas imports by 2.3%.

And this is exactly one area in which the European Structural and Investment Funds can have a significant impact within a carefully designed strategy. After all, 12% of the total allocations to the less developed regions and 20% of the allocations to the more developed regions should be dedicated to the low-carbon economy.

In the past few months the European Commission services together with the competent national authorities have been discussing very intensely the content of the Partnership Agreements for each Member State. The success of the investments over the next seven years depends on making the right choices now. So, while time is of

essence, we will not sacrifice quality over speed. So far nine Partnership Agreements have been adopted. I hope that we will be able to adopt the remaining soon and complete the negotiations over the individual operational programmes and adopt as many as possible before the end of October, during the term of this Commission.

I am sure you will agree that it is worth the effort to make strategic choices for the best use of the Structural and Investment Funds in the years to come.

Territorial co-operation is at the heart of the Cohesion Policy and I am really pleased that your countries are very active in the macro-regional strategies, in particular the Baltic Sea and the Danube Region Strategies. Through your participation in these you have managed to demonstrate how common challenges can be tackled by a number of countries - both EU and non EU members - working together, to ensure an effective and joined-up response.

Your four countries are at the forefront of this collaborative work.

If counted together, the Visegrad Group is the fifth largest economy in Europe and the 12th in the world. Your position at the heart of Europe gives you the chance and the responsibility to be key players in the EU and beyond.

I have always found your positions very constructive during the negotiations of the regulatory framework for the new Cohesion Policy. And I would like to take this opportunity to thank you for being such active advocates within the “friends of Cohesion Policy” circle. I now

count on you to continue our close co-operation to make the investments from Cohesion Policy have a meaningful and lasting impact in your countries, for your regions and for your people.