Mountain Areas and European Integration

Dear President of the Commission, ladies and gentlemen.

It is my privilege to be here with you today to discuss issues related to the development of mountain areas in the context of European integration and to give some insights on Slovene policies aiming at balanced and sustainable development of mountain areas.

I would also like to stress that Slovenia welcomes the initiative of European Commission to organise this conference which would help to identify ways and means to support the development of mountain areas within the enlarged European Union. This is especially important since mountain areas are vital to life on the earth as providers of water and biological diversity, as well as the keepers of traditions and cultural heritage. Dear colleagues, it is our responsibility to be able to translate the conclusions of the conference to programs ensuring adequate political, institutional and financial commitment to concrete action not only by national governments but also by the structural funds.

The issue of mountain area development is of a vital importance for my country. Mountain areas represent 42% of total landmass. In this area lives more than 1/3 of 2 mio Slovenian population. 68% of her surface is covered by forest. Therefore, sustainable development of this part of Slovenian territory is not a specific issue, which should be addressed by a selected regional approach but a question of overall national development policy. Therefore, a balanced development of the mountain areas equals successful development of Slovenia. Never the less, the implementation remains regional specific.

The formulation of the regional development policy in Slovenia went through two phases. The government of independent Slovenia first passed the Law on stimulating the development of demographically endangered areas, followed by the Law on the promotion of balanced regional development in 1999 and on this basis endorsed the Strategy for regional development in 2001. The law aims at achieving balanced,
sustainable regional development based on optimal but environmentally friendly use of natural resources.

Over the last several years the State introduced numerous instruments for reducing regional disparities:

- capital transfers from the budget through the public fund for regional development and preservation of Slovene rural areas
- transfers from the ministry of economy and ecological fund for the investment in local infrastructure,
- transfers from the budget for the so-called financial equalisation in case when the local community does not generate sufficient local funds
- support from the budget and Phare support for the areas suffering in the 1998 earthquake and
- The measures of the active employment policy, which include two projects, financed by Phare.

In spite of the above mentioned efforts the trend of growing regional disparities has not been reversed. Growing disparities on the other hand are due also to the fact that Slovenia is facing new economic and social realities. And these realities could not be sufficiently addressed solely by the above mentioned instruments. In the nutshell, the so-called traditional approach to rural mountain development based either on direct support to the agriculture and physical infrastructure development, or on human capital and investment from outside rural communities, or on rehabilitation of economically inefficient industries in nearby valleys, could not provide conditions for sustainable development in mountain areas.

With the increasing globalisation of Slovenian economy, we are aware that the critical factors for generating employment opportunities, and thus better social welfare in mountain communities, are not only policies for removing impediments to the utilisation of natural resources, but are also, if not primarily, programmes and policy incentives that encourage the development of mountain areas' own innovative potential, while at the same time achieving balance between conversation and
development. Central to this approach therefore is the development of entrepreneurship by programmes and policy incentives that will stimulate entrepreneurs to find a unique blend of resources, either within or outside agriculture and forestry. While tradition is important it is nevertheless dangerous to be over-occupied with the past, otherwise the mountain communities my turn into a nostalgia-driven society. In the era of service-oriented economy with largely spread high information and communication technology un-traditional opportunities are also opening to mountain communities since technological advances are making jobs and working conditions more flexible as well as are opening numerous new business niches.

Taking this into account the Regional policy that is today carried out in Slovenia is an important part of Entrepreneurship and Competitiveness policy carried out by the Ministry of Economy. This policy aimed among other at strengthening the key factors of business success such as knowledge, innovation technology and entrepreneurship as a basis for improving the economic vitality of all regions.

The programmes and policy incentives with regional dimension are aiming at creating the conditions for improvement of economic vitality of the region. The new regional policy is oriented towards the development of institutional support to individuals, local communities and regions for fast and successful adoption to changes. Just to mention for strengthening economic vitality of mountain areas, policy supports, for example, the development of tourism so that specific mountain ecosystems are maintained, the use of environmentally friendly technologies, the development of local clusters for strengthening the competitiveness at micro and small enterprises, provides voucher system for consultancy during start - up and growth stage etc. The emphasis is also put on stimulating the networking between different agencies to overcome the present low level of co-operation of local communities, by pooling together different sources and skills, and thus be able to assist a greater number of local mountain entrepreneurial initiatives as would otherwise be possible. These programmes are complemented by policy measures for the development of agriculture and countryside, protection of natural and cultural heritage and regulation of space and environment.
To conclude, let me reflect on the new regional policy in European conditions. It should aimed not only on the elimination of development differences at the level of large regions but also if not primarily at stimulation of development potential and international competitiveness of specific areas representing the identity such as for example biodiversity and capability of sustainable development in the framework of enlarged European Union. In this respect it is necessary to help to support more intensively particularly the regions with the predominantly mountains and hilly areas which have, due to the protection of sensitive natural equilibrium and exposure to natural disasters, limited development potentials and therefore specific competitive position. At the same time these are the areas which due to the historical development represent the majority of the areas of the traditional cross borderer co-operation which is becoming in the framework of the INTERREG 3A Initiative one of the important future instruments of the development in boarder areas of the new EU members. Using GDP as the only indicator of development does not enable the identification of specific development characteristics of such areas and therefore it is necessary to think about how to improve the present framework. The initiative the dialogue on the revision of structural policy goals which would enable the efficient social and economic cohesion initiated by the Commissioner Mr. Barnier is definitely an opportunity for the beginning of the discussion to bring about the conditions for sustainable development in the mountain areas in the enlarged European Union.

At the end allow me to invite you to the exhibition in the Conference Center Charlemagne prepared by Slovene students with Austrian colleagues, introducing the development potential of Alpine region. This is also a very good example of the possibilities for cross borderer co-operation and at the same time it is an invitation to you to visit not only the beautiful mountain areas but all the rest my country can offer.