



May 2010
AK Position Paper

Financial framework 2014+:

Renewing structures, promoting a more
social Europe!

About us

The Federal Chamber of Labour is by law representing the interests of about 3.2 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership.

The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

Herbert Tumpel
President

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 – amongst others unemployed, persons on maternity (paternity) leave, community- and military service – of the 3.2 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Werner Muhm
Director

Preamble

The Treaty of Lisbon and the economic and financial crisis demand new economic and social policy perspectives for Europe. The mistake must not be repeated that EU policies are predominantly oriented towards location competition and that large parts of the budget are allocated to particular interests such as agriculture. The EU citizens also want to see the realisation of a social Europe. That is why the objectives of the EU 2020 Strategy on employment and combating poverty have to be translated into action, hence they have to be considered in the next EU financial framework.

Prior to the publication of the mid-term review of the EU Budget, the Austrian Federal Chamber of Labour has made proposals as to how the EU Budget could be structured in a more socially-oriented manner in the next financial period 2014+:

- The European Social Fund (ESF) shall be increased in value and act independently outside the Structural Funds. To achieve this, the Austrian Federal Chamber of Labour demands that additional criteria are considered when the budget is appropriated within the ESF. That way, active labour market policy can be extended to new target groups and the increasing natural rate of unemployment can be effectively dealt with in the long-term.
- Although the number of people employed in the agricultural sector has been falling for years, a large part of the EU Budget is still allocated to this sector. Therefore, the Austrian Federal Chamber of Labour requests a phasing out of direct payments and market support measures from the European Agricultural Guarantee Fund (EAGF) starting in 2014. Even though 78 % of the Austrian population live in rural areas and 96 % of the workforce is employed outside agriculture, less than 10 % of all subsidies of the European Agricultural Fund for Rural Development (EAFRD) is used for people who are not involved in agriculture. Therefore, the obligation should be introduced that during the next programme period at least 25 % of the resources have to be reserved for measures to stimulate employment.
- Reorientation of the European cohesion and regional policy towards primary European objectives of social inclusion and territorial cohesion. Support of creative, socio-politically relevant projects, which are embedded in a regional development concept, whereby co-finan-

cing of pure operating subsidies
resp. investment incentives should
be excluded. This requires a re-
form of the promotional indicators:
these indicators must reflect the
social cohesion (employment rate,
job quality, qualification structures
etc) in their territorial dimension
(extent of differences to neighbou-
ring regions).

The AK position in detail

The European Social Fund (ESF)

The ESF is a central instrument of the European Union to promote measures within the employment sector. Between 2007 and 2013, Austria receives about 472 Mio. Euro from this fund. The ESF must be retained as an important strategic and financial supplement in the next funding period and if possible should be made increasingly use of.

Labour market policy must continue as the overarching framework of the ESF. The particular focus on special target groups (women, migrants, persons at risk of being excluded from the labour market) should be continued and intensified.

Labour market policy must continue as the overarching framework of the ESF. The particular focus on special target groups (women, migrants, persons at risk of being excluded from the labour market) should be continued and intensified to ensure that these groups are sufficiently considered in the national labour market strategies, in spite of the continuing high pressure on the Austrian and the European Labour market as a result of tight budgets.

From the point of view of AK, strategic targets for the new ESF funding period therefore are:

- **Restructuring of the allocation of European Social Fund resources.** Currently, in particular regions with a low gross domestic product are benefiting from social fund resources. In future, however, all regions, which are struggling

against unemployment and imbalances on the labour market, should benefit from the ESF. Including those, which have a higher gross domestic product.

- **Providing sufficient resources** for measures to be taken in the employment sector. In view of the high unemployment in the European Union, **significantly more EU budget appropriations** should be made available to the European Social Fund.
- **Continuing to focus on women, persons with migration background, older persons and persons, who are at risk from being excluded from the labour market**, which has already begun during this funding period. Apart from that, tackling youth unemployment and supporting sustainable initial integration in the labour market will continue to be important for labour market policy and must therefore receive the continuous support of the ESF.
- **Simplification of the ESF administration.** This should achieve more efficiency and a more effective selection and implementation of the programmes.

What is required for using the ESF in a target-oriented and effective manner

Society is faced with demographic change. In future, there will be more older and fewer younger people in the labour market.

is to ensure that these target groups are continued to be considered in the next funding period and that not only current but also additional criteria are applied to the budget allocation.

Currently, the ESF budget is allocated in accordance with the following criteria: eligible population, regional wealth, unemployment rate, employment rate and population density. These factors alone neither do justice to the targets of the ESF nor to the problems of the labour market, as they above all rate the status quo of the economic and labour market situation.

There are, however, additional factors, which will have a negative impact on the labour market if no countermeasures are taken at an early stage. The European future strategy "Europe 2020" also emphasizes the significance of a high employment level and a strong social coherence for the positive future development of the European Union. With the European Council agreeing to core objectives such as raising the employment rate, reducing the number of early school leavers and at the same time increasing the number of people with higher educational qualifications and to promote social integration as well as reducing poverty, the first step has been taken. These core objectives must also be replicated in the issues of the ESF and thus in budget allocation criteria.

Therefore, the following additional criteria are requested:

1) Combating discrimination

- **Age discrimination**

Proposed additional criterion: employment rate of older persons

Society is faced with demographic change. In future, there will be more older and fewer younger people in the labour market.

At the same time, older employees are above average affected by unemployment. The unemployment rate of older people is continuing to rise disproportionately.

One of the main targets of the future strategy of the EU "Europe 2020" is to increase the employment rate of the 20-64 year olds to 75 %. In order to meet this target, it is necessary to massively increase the employment rate of the older population.

This can only succeed if the employability is preserved by health prevention and by adapting the organisation of work in companies to the requirements of an ageing workforce. In addition, regular training and continuing education within the scope of a life cycle based approach to work by older people seeking work and older employees are essential elements in an active ageing strategy.

In many cases, migrants are employed in jobs, which do not reflect their original qualifications; they have limited career opportunities and run a higher risk to be affected by unemployment.

- **Gender discrimination**

Proposed additional criterion: extent of the gender gap, employment rate of women

On the face of it, women are less affected by unemployment. Due to the overrepresentation in the trade and tourism sector and other services, however, they are particularly exposed to the dynamics of the labour market. In Austria, the difference in income of women and men is about 41 %, not least because of the interruptions in the employment careers of women.

The Europe 2020 Strategy too emphasises the necessity of a policy, which promotes equal gender treatment with regard to growth and social coherence.

In order to be able to consequently pursue gender equality politics and to optimally use the potential of women, instruments such as gender budgeting, an over proportional use of active labour market policy resources, structural improvements with regard to the reconciliation between professional and family life as well as future-oriented qualifications are essential.

- **National origin discrimination**

Proposed additional criterion: unemployment rate of persons with migration background

Migration and the integration of the first, second and further generations will be one of the challenges of the future. First and foremost, persons

with migration background represent a valuable potential for the labour market. The current real situation, however, shows that the integration in the labour market is only partially successful. In many cases, migrants are employed in jobs, which do not reflect their original qualifications; they have limited career opportunities and run a higher risk to be affected by unemployment.

The ESF as an instrument, whose task it is to tackle inequalities in the labour market, must also in future help to remove barriers such as a lack of language skills and ensure that instruments such as the recognition and validation of qualifications migrants have, are developed.

2) Improvement of educational standards

Raising the qualification levels of people and the promotion of lifelong learning are among the most central messages of "Europa 2020". The leading initiative "Youth in Motion" requires the increase of educational investments at all levels, from primary school to university. The leading initiative for new competences and employment opportunities also regards the issue of education as one of the keys for the positive development of the labour markets.

The following additional criteria should therefore reflect these challenges:

All European statistics show that unemployment effects in particular people with low educational standards.

- **Transition school to work**

Proposed criterion: highest level of education completed

All European statistics show that unemployment effects in particular people with low educational standards. Both the highest level of school education as well as a successful transition from school to work significantly influence the integration in the labour market and the professional career of young people. If the education and labour market policy does not put sufficient emphasis on the initial training of young people, this will have a long-term negative impact on the entire labour market.

- **Lifelong learning**

Proposed criterion: proportion of the population who participates in further education

Apart from that, in particular the labour market crisis has been responsible for many (among others production) jobs being lost forever. Reorientation and further education are therefore required to find new employment. Investments in further education are therefore essential over the coming years.

European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD)

The EAGF¹ and the EAFRD², which are funded with 330 billion Euro³ resp. 96.2 billion Euro⁴ for the period 2007 to 2013, are among the main EU Funds. In particular, direct payments to farmers and measures to support agricultural prices are financed via these funds.

By establishing the EAFRD, the European Union has made an important step from pure sector promotion to the integration of rural areas into subsidy policy. However, in order to do justice to the term "Rural Development" measures and instruments clearly need to be developed further. In spite of "reforms", almost all resources from this Fund are allocated to the Agricultural sector. The possibilities for non-farmers to participate are very limited. Hence, the rural sector urgently needs initiatives and resources to stop the exodus.

In future, the EAFRD shall help, in combination with other funds, to improve both quality of life and employment opportunities in rural areas.

That is why the Austrian Federal Chamber of Labour demands the

1 European Agricultural Guarantee Fund
 2 European Agricultural Fund for Rural Development
 3 Green Report 2009, Tab. 5.6.9
 4 Green Report 2009, Tab. 5.8.10

following for the agricultural policy and the rural sector:

- Phasing out direct payments and market support measures from the EAGF from 2014
- The distribution of financial resources should be in accordance with the structure of the population in rural areas. A certain part of the subsidies (at least 25 %) has to be reserved for people in rural areas, who are not engaged in agriculture and forestry. The agricultural sector shall receive maximal the share, which amounts to 5 times its population share in rural regions.
- In order to improve necessary synergies and to get away from predominantly sectoral thinking it is necessary that regional policy will be in charge of Rural Development programmes at EU level.
- At national level the Federal Chancellery shall be responsible for developing and implementing Rural Development programmes.

Criticism and proposals for improvement on the EU policy from EAGF and EAFRD

The exodus⁵ from agriculture and from the rural areas of the EU 27 is high.

5 Sources: Commission Staff Working Document SEC(2009)1724 final: Peak performance; ESPON CU, 2008; Operating figures Eurostat statistics 1990 to 2007

In future, the EAFRD shall help, in combination with other funds, to improve both quality of life and employment opportunities in rural areas.

Everybody agrees that a reform is necessary. Based on past experiences, however, it is to be feared that this "Reform" will once again only a correction on the lowest common denominator.

The environmental problems caused by agriculture⁶ are – in spite of the EU Agricultural Policy unsolved resp. in some cases they have got worse. Even in the aftermath of some agricultural reforms since the nineties, a major part of the EU budget - although under another name – is still flowing into the agricultural sector, whereby incredibly high amounts are paid to individual subsidy applicants⁷.

The relevant EAGF is still 3 times as high as the EAFRD, which resulted from reform efforts. The area payments to farmers orientate themselves on historic product subsidies, which in 1992 were changed from price subsidies to direct payments and increased. The current "Single farm payments" are paid because of the "historic payments" to farmers in 2002 and are "secured" as "Payment claims"⁸ until 2013.

⁶ Reduction of grassland by conversion to farmland – because higher land-area subsidies were paid. The Commission too associates the increase of farmland and its associated environmental problems with the GAP Reform 1992 (http://ec.europa.eu/agriculture/envir/report/de/terr_de/report.htm). The subsidy of agricultural energy is another current problem ("Maize fields instead of meadows" <http://www.ijas.fzk.de/tatup/082/rosk08a.htm>). Increase of consumption through fertilizers and pesticides - Sources: Green Report 2009, Tables S 24. Nitrate concentration through intensive agriculture. Increase of nitrate concentration at 36 % of the measuring points in http://europa.eu/legislation_summaries/agriculture/environment/128013_de

⁷ Databases specifying the amount of agricultural subsidies of the Member States listed under http://ec.europa.eu/agriculture/funding/index_de.htm

⁸ Payment claim" is the subsidy value, which is linked to a certain agricultural piece of land. If a farmer sells or leases the land, he can sell/ lease it more expensively with "Payment claim" or keep the payment claim

This "System" to be "guaranteed" agricultural subsidies for owning or farming agricultural areas for ten years, is no longer sustainable, especially not in times of budget consolidation.

Everybody agrees that a reform is necessary. Based on past experiences, however, it is to be feared that this "Reform" will once again only a correction on the lowest common denominator. The EU citizens are not able to see through the complicated agricultural subsidy jungle. Many direct payments to farmers are beyond the average income of employees. The majority of agricultural expenses is not linked to any measurable service to society.

2014+ would need to complete change of direction, away from sector subsidies to subsidising rural areas, where naturally also the agricultural sector is able to play an important role. It should, however, no longer be possible that farmers receive direct payments, which are many times higher than average wages. In future, subsidies should be exclusively granted for socially desirable achievements, such as the compliance with special environmental laws, adjusted forms of farming in mountainous areas or projects generating employment. The subsidy amount per person resp. farm must be limited. EU policy must create the relevant basis and transfer the resources from EAGF to EAFRD.

The EAFRD currently has 4 main points, which are axes:

1. Improvement of the competitiveness of Agriculture and forestry

The subsidy amount per person resp. farm must be limited. EU policy must create the relevant basis and transfer the resources from EAGF to EAFRD.

2. Improvement of environment and landscape
3. Improvement of quality of life in rural areas and diversification of the rural economy
4. LEADER⁹

The reformed agricultural policy towards a policy for rural areas 2014+ has to adjust these main points to the requirements of rural areas and development them. The existing "Axles 3 and 4: Improvement of quality of life in rural areas and diversification of the rural economy and LEADER" must be developed. The measures to be developed should be jointly allocated to regional policy to ensure that all "Stakeholders" in the rural sector are able to participate.

Criticism and proposals for improvement on the Austrian implementation from EAGF and EAFRD

How important these funds are for Austria shows a comparison of EU funds reflowing to Austria. In 2009¹⁰ 757 Mio Euro resp. 550 Mio Euro¹¹ were distributed from EAGF and EAFRD and only 104 Mio Euro resp. 75 Mio Euro from ESF and ERDF. If one considers that in Austria about 10 % of EAFRD resources could also be paid to applicants who are not independent

⁹ LEADER is a joint initiative of the European Union, which supports innovative actions in rural areas since 1991.

¹⁰ BMF: Strategy report 2011, page 68

¹¹ In combination with national budget funds more than € 1 billion per year are made available for "Subsidising rural areas" LE0713 in Austria, whereby at least 90 % are allocated to the agricultural sector.

farmers, then still 85 % of the money that Austria receives from the EU Fund flows into the agricultural sector. The reason for this lies not in the strict requirements of the EU, but in the generous supply of national co-financing funds for agriculture¹² and above all in the implementation by the Federal Ministry of Agriculture, Forestry, Environment and Water Management BMLFUW¹³.

The current EU Regulation leaves it to the Member States to use between 10 and 65 % of the resources from EAFRD for measures that also benefit non-farmers. The Austrian Minister of Agriculture has decided in favour of a minimum share 10 %¹⁴ in order pay more for measures taken by agricultural applicants. He did this even though 78 % of the Austrian population are living in rural areas, 96 % of the workforce is employed outside agriculture and that these programmes should be accessible to all people living in rural areas. It is therefore sensible to implement an integrated rural regional policy at both EU and national level in future. This should in particular provide all people in the regions with opportunities and focus on general-interest services and employment. In order to strike a better balance between the sectors and for rural areas in future, from now on the Federal Chancellery should be respon-

¹² Many Member States provide fewer national co-financing funds and "therefore collect less money for their agriculture from Brussels".

¹³ The BMLFUW implements the measures in Austria by means of private sector contracts

¹⁴ Some Member States have reserved a significantly higher share for "Diversification", see "Agricultural Policy Perspectives December 2009, Figure 5

The new subsidy policy for rural areas 2014+ should orientate itself towards the actual requirements of the people working and living there.

sible for developing and implementing Rural Development programmes and allocating EAFRD resources at national level.

The new subsidy policy for rural areas 2014+ should orientate itself towards the actual requirements of the people working and living there. Together with other initiatives resp. funds it should make an effective contribution to positively shape the work and living space in rural areas.

The new LE Programme should therefore consider the following targets and aim to achieve these for all people living in rural areas:

- * Improvement of the quality of life
- * Improvement of working conditions in all sectors
- * Creation of new job opportunities
- * Improvement of the rural infrastructure
- * Support of demand-oriented child-care, care and other services
- * Support of vocational and advanced training
- * Support of communication and culture
- * Subsidy of measurable environmental achievements/nature conservation

In order to achieve these targets it must be ensured that the following changes are carried out with regard to the existing LE 0713:

- No longer any exclusion/discrimination due to ownership or sector

affiliation - currently only owners of an agricultural or forestry enterprise are allowed to participate in many measures. In Austria, currently about 90 % of the EAFRD resources are exclusively earmarked for the agricultural sector.

- Agricultural subsidies to individual farmers should no longer exceed a certain income, which orients itself on an average income.
- The resources from EAFRD must be made available for activities in the entire rural sector.

The European cohesion and regional policy has to apply alternative approaches to sustainably strengthen domestic demand to promote regional development and to support targeted measures within the regions to prevent social exclusion.

European Regional Development Fund (ERDF)

From the point of view of the Austrian Federal Chamber of Labour, **securing a social Europe** is the overriding challenge of the enlarged European Union. The potential of regional economies has to be strengthened within the scope of the European cohesion policy to enable them to also meet their future social responsibilities. Financial resources from the European Structural Fund shall hereby provide significant stimuli. The **European cohesion and regional policy** has to apply alternative approaches to sustainably strengthen domestic demand to promote regional development and to support targeted measures within the regions to prevent social exclusion. The resources of the EU Structural Fund shall enable EU citizens **to participate socially and economically in regional economic processes**. The new "Europe 2020" strategy also specifically addresses this in its guiding initiatives.

The EU Fund will also in future represent a significant financial basis in the convergence countries to promote the economic catching-up process and the realisation of important European sector policies. If, however, the **Structural Fund resources** would **exclusively benefit the poorest regions** of the Union, its citizens would **no longer accept** European institutions to the **same extent**. This would not achieve consensus at European level. That is why the **European regional policy must continue to support**

economically backward regions in the **old Member States**. The cohesion policy must be reformed in such a way that it only promotes sustainable, environmentally friendly and innovative (infrastructure) projects that create additional employment and at the same time counteract climate change and regional disparities. Higher co-financing rates have to be applied to strengthen their individual responsibility of the cohesion countries as well as to support their fight against corruption.

From the point of view of the Austrian Federal Chamber of Labour, the following are the strategic targets for the new funding period of the Structural Fund:

- **Clear targets with impulse function:** realignment of the European cohesion and regional policy towards primary European targets of social inclusion and territorial cohesion.
- **Restructuring of the EU Fund:** the European Agricultural Fund for Rural Development (EAFRD) has to be allocated to the European target of "territorial cohesion". Its investment priorities have to concentrate on the non-agricultural area and must be coordinated with the ERDF programmes.
- **Promotion of innovative projects based on comprehensive regional development programmes:** support of creative, socio-political relevant projects, which are embedded in a regional development concept; whereby co-financing of

pure business resp. investment subsidies should be excluded.

- **Reform of indicators beyond GDP:** the indicators have to reflect social cohesion (employment rate, job quality, qualification structures etc) in its territorial dimension (extent of the differences between neighbouring regions).
- **Conditionality:** regional development resp. location concepts, which are developed in a multi-stakeholder process with the inclusion of the local population and which are based on the endogenous potential of the region resp. counteract any regional weaknesses.
- **Governance, coordination and policy coherence:** any negative (external) effects of European competition and sector policies on the regional political objective target have to be avoided.

European cohesion policy within the scope of ERDF

The cohesion and regional policy 2014+ has to orientate itself on two European targets:

- Social inclusion
- Territorial cohesion

The European regional policy must be based on region-specific development programmes, which strengthen endogenous potentials resp. counteract weaknesses and financially support projects, which increase public welfare, having a European surplus value at the same time.

The Austrian Federal Chamber of Labour demands **social inclusion** as a regional-political **target** of the European regional policy in order to guarantee redistribution, development as well as maintenance of the functionality of the regions. The European citizens should become aware of the fact that their living and working conditions in the region are noticeably improved through the support of the EU Structural Fund!

Innovative and **impulse-generating projects**, which result from integrative regional development programmes and which would not be possible without public funds, should be subsidised from ERDF resources. These projects can be implemented in different organisational forms: commercial but also non-profit enterprises, associations, networks, communities, solidarity communities etc. Worthy of support are projects, which target the participation of the local population in working life. These could be in the following sectors:

- **Education and training resp. re-training** of young and older persons with the target of integrating resp. retaining these in professional resp. working life.
 - Support of in-house but also cross-company further training and vocational training measures resp. groups (training workshops, etc), to make it easier for young people to enter into professional life for example.
 - Support of cross-company consultation and retraining facilities for persons, who, with increased age, are no longer

The cohesion and regional policy 2014+ has to orientate itself on social inclusion and territorial cohesion.

In order to drive the European Integration forward and to overcome wealth edges and peripheral regions it is necessary to significantly develop European Territorial Co-operation.

- able to work in their learned profession.
- Support of companies, which develop professional careers suited to older employees and which realise these in-house or cross-company.
- **Diversity** - Integration of migrants into the working life by education and vocational training, for example in companies.
- **Strengthening of local economies:** promoting the establishment of alternative regional economic cycles, commercial cooperations, marketing communities, regional self-organisations such as solidarity regions etc, with the aim to strengthen local businesses and demand.

The growing together of regions is still the great challenge of regional policy to activate economic and social potentials - whether beyond national borders or within Member States. The main focus of **“territorial cohesion”** must aim at balancing the disparities between neighbouring regions. Activities worthy of support could be for example:

- **Impulse projects to improve general interest services:** the maintenance resp. the development of the functionality of general interest services must be supported in the regions by impulse projects in the public services sector such as social infrastructure (crèches, care facilities for children and elderly persons, mobile care, healthcare etc) and educational facilities, but

also mobility (public transport, alternative carpooling, etc) and local supply. The regional effects of liberalisation and privatisation policies of the EU have to be compensated.

- **Development of communal resp. cross-regional structures:** basic conditions for the optimisation of regional development programmes resp. tackling of common problems often is the development as well as the maintenance of communal resp. cross-regional structures such as networks in different policy areas.

In order to drive the European Integration forward and to overcome wealth edges and peripheral regions it is necessary to significantly develop **European Territorial Cooperation** (ETC).

Restructuring of the EU Fund:

The new orientation of the European cohesion and regional policy has to build upon the experiences from the period 2007 - 2013 in order to avoid evident undesirable developments in future.

The EU Structural Fund programmes are embedded in the extensive regional, technology, business development and environmental policy of the federal states, whereby they only cover a small part financially. As EU co-financing is associated with costly and time-consuming administration, authorities are generally trying to avoid any risks. This means among others that ERDF resources are not used strategically

and effectively. Therefore, a European surplus value is only difficult to recognize with regard to ERDF-subsidised projects in Austria.

In the opinion of the Austrian Federal Chamber of Labour, the main points of criticism of the current programme period are:

- Structural Fund resources are mainly allocated in accordance with the principle of indiscriminate, all-round distribution, whereby not the innovative ones but those who know how to get through the "bureaucracy jungle" are supported. This causes high knock-on effects. At the same time, the European surplus value is hardly recognisable; whereby no knock-on effects occurred in case of EU programmes, which aim at promoting the regional development as opposed to regional economy (e.g. ETC). Without EU support, many of these projects would not have been implemented!
- Individual cases of business subsidies have shown the problems of relocating productions within the EU motivated by EU subsidies. That is why business investment incentives from EU funds within the scope of European regional policy must always be questioned. In any case, pure business relocations within the EU, which have a negative impact on a region, must be excluded from receiving subsidies.

Reform of the indicators beyond GDP:

In order to be able to observe the development of spatial disparities in detail and to increase the accuracy of regional policy, a number of new subsidy indicators have to be applied: employment rate, job quality, "vulnerability indices" for globalisation, demography, climate change and energy, "survival rate" of newly established companies, regional innovation indices, as well as economic and social differences between neighbouring regions. Apart from that, great attention should be paid to the spatial effects of sector policies, such as the liberalisation of public services (policy coherence).

Individual cases of business subsidies have shown the problems of relocating productions within the EU motivated by EU subsidies. That is why business investment incentives from EU funds within the scope of European regional policy must always be questioned.

For further information please contact:

European Social Funds:

Silvia Hofbauer

(Expert AK Vienna)

T +43 (0) 1 501 65 2642

silvia.hofbauer@akwien.at

Agriculture and rural areas:

Maria Burgstaller

(Expert AK Vienna)

T +43 (0) 1 501 65 2165

maria.burgstaller@akwien.at

EU Regional Policy:

Elisabeth Beer

(Expert AK Vienna)

T +43 (0) 1 501 65 2464

elisabeth.beer@akwien.at

Bundesarbeitskammer Österreich

Prinz-Eugen-Strasse, 20-22

A-1040 Vienna, Austria

T +43 (0) 1 501 65-0

F +43 (0) 1 501 65-0

AK EUROPA

Permanent Representation of Austria
to the EU

Avenue de Cortenberg, 30

B-1040 Brussels, Belgium

T +32 (0) 2 230 62 54

F +32 (0) 2 230 29 73

as well as

Christa Schlager

(Expert AK Vienna)

T +43 (0) 1 501 65 2430

christa.schlager@akwien.at

Frank Ey

(in our Brussels Office)

T +32 (0) 2 230 62 54

frank.ey@akeuropa.eu