

Dear Mr. Pitsula, thank you for your kind invitation.

Dear Members of the European Parliament

Ladies and gentlemen

It is a great honour for me to take the floor at this conference as Convener of the Orkney Islands Council in Scotland and as President of the Islands Commission of the Conference of Peripheral Maritime Regions.

The Islands Commission is one of the CPMR's six Geographical Commissions, and was the first to be founded in 1980, with the aim to urge the European Institutions and Member States to pay special attention to the islands and to acknowledge the permanent handicaps resulting from their insularity.

Consequently I was very pleased that a resolution on insularity was passed during a debate on this very topic at the last plenary session here in Strasbourg, confirming that the European Parliament understands and supports the islands' concerns.

On the same day though, I was very surprised and dismayed to see that Commissioner Cretu for Regional Policy singularly failed to properly address the core of a question submitted by the REGI Committee on the same topic, that being the compliance of Cohesion Policy with Article 174 of the Treaty for the Functioning of the European Union, obviously looking ahead to post-2020.

I fear though that this disappointment, coupled with her absence from the debate today, is neither a coincidence nor an oversight.

It just reflects the blunt truth: that the reinforcement of what should be a core principle of economic, social and territorial cohesion in the post-2020 period does not seem to be part of the equation, let alone the specific challenges of islands.

Nonetheless we will once again invite Commissioner Cretu to the Islands Commission General Assembly in Rhodes on 19-20 May in the hope that we can make representations.

The loss of emphasis on Cohesion is extremely regrettable, as regional disparities are seen to grow and territorial cohesion is more necessary than ever.

In the Scottish islands we are very appreciative of what Cohesion Policy has accomplished so far. Despite its drawbacks, it has funded significant investment since the early 1990s, for example causeways and bridges linking together otherwise fragile communities in the Western Isles, and Shetland's cultural arts centre The Mareel. In my own island region of Orkney Cohesion Policy has funded renewable energy infrastructure and development and test facilities for this priority industry at the European Marine Energy Centre, and the Orkney College, a part of the

innovative University of the Highlands and Islands which is doing so much to stimulate economic growth and retain population, and now contributing world class research.

These interventions have shown in practice that EU citizens living on an island need not and should not be disadvantaged by their location.

Former Commissioner for Regional Policy, Mr. Hahn, was very impressed during his visit to Orkney a few years ago with our integrated development of port infrastructure and marine renewable energy centre, all working together building on the specific advantages of the area.

These projects were beneficial for the islands' population and would have not taken place without EU support. Commissioner Hahn saw for himself how EU funds used for transport cohesion, lifelong learning cohesion, cultural cohesion and research cohesion were being used well, to turn our geographic disadvantages into advantages, making a huge difference to our island communities and contributing to European strategic objectives. I am sure these words mean a lot to you.

These shining examples though do not change the everyday challenges that are still there. Islands are among the most remote communities in Europe and face constraints that make living or setting up and maintaining a business much more difficult than in the mainland. Limited public sector budgets, additional costs of delivery, limited private sector interest in investment, small local markets, no economies of scale etc. I don't really need to remind you all of these constraints.

I would like to mention a specific striking example though on living standards, which is energy affordability: 63% of households in Orkney are in fuel poverty, and 62% in the Western Isles. The Scottish average is 35%.

Support schemes for investments in energy efficiency are of course needed. But such investment money are not around the corner, especially now that **the GDP of the larger Highlands and Islands NUTS2 region of which we are part and which includes all Scottish islands that are defined as NUTS3, lifts us out of Transition status. This is not because of a transformation in the fortunes of the Islands but due primarily to the growth of the regions' city, Inverness. We therefore need now more than ever the application of Article 174.**

We need the recognition of our insularity problems, which cannot be addressed while being invisible underneath a NUTS2 mainland area or behind the distorting effect of GDP inflating industries, such as the oil terminal in the case of the Shetlands.

What better application of cohesion policy could there be, especially at these difficult times for the European project?

This remains to be answered. But what I can tell you for certain is that the futures of many island communities hang from the answer.

Thank you very much.