


# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2003/2095(INI)</a>	Procedure completed
Economic and social cohesion: regional trends, debate on future developments: 2nd interim report		
Subject 4 Economic, social and territorial cohesion 8.20.08 Enlargement's economic and monetary point of view 8.20.20 Enlargement's employment and social point of view 8.20.26 Enlargement's regional point of view		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>RETT</b> Regional Policy, Transport and Tourism		19/03/2003
		PSE <a href="#">MASTORAKIS Emmanouil</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
	<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">General Affairs</a>	<a href="#">2488</a>	24/02/2003
European Commission	Commission DG <a href="#">Regional and Urban Policy</a>	Commissioner	

Key events			
30/01/2003	Non-legislative basic document published	<a href="#">COM(2003)0034</a>	Summary
24/02/2003	Debate in Council	<a href="#">2488</a>	
15/05/2003	Committee referral announced in Parliament		
08/07/2003	Vote in committee		Summary
08/07/2003	Committee report tabled for plenary	<a href="#">A5-0267/2003</a>	
02/09/2003	Debate in Parliament		
02/09/2003	Decision by Parliament	<a href="#">T5-0359/2003</a>	Summary
02/09/2003	End of procedure in Parliament		

Technical information	
Procedure reference	2003/2095(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	RETT/5/19527

Documentation gateway					
Non-legislative basic document		<a href="#">COM(2003)0034</a>	30/01/2003	EC	Summary
Committee of the Regions: opinion		<a href="#">CDR0391/2002</a> <a href="#">OJ C 256 24.10.2003, p. 0013-0017</a>	02/07/2003	CofR	
Committee report tabled for plenary, single reading		<a href="#">A5-0267/2003</a>	08/07/2003	EP	
Economic and Social Committee: opinion, report		<a href="#">CES0953/2003</a> <a href="#">OJ C 234 30.09.2003, p. 0045-0049</a>	16/07/2003	ESC	
Text adopted by Parliament, single reading		<a href="#">T5-0359/2003</a> OJ C 076 25.03.2004, p. 0039-0107 E	02/09/2003	EP	Summary

## Economic and social cohesion: regional trends, debate on future developments: 2nd interim report

PURPOSE : to present the second progress report on economic and social cohesion. CONTENT : the report mainly covers three topics: - analysis of the situation and trends concerning economic and social cohesion in the EU with 15 and with 25 Member States; - the main topics of the debate on future cohesion policy in 2002; - preparing for enlargement up to the end of 2006; 1) Economic and Social Cohesion: Situation and Trends : EU enlargement in 2004 will present an unprecedented challenge for cohesion. Several factors need to be considered, including: - An unprecedented widening of economic disparities within the Union: the gap in per capita GDP between the 10% of the population living in the most prosperous regions and the same percentage living in the least prosperous ones will more than double in EU 25 compared with the situation in EU15. - The geographical shift in the pattern of disparities: in EU25, 116 million people, or 25% of the total population, will live in regions with a per capita GDP below 75% of the EU average as opposed to 68 million people, or 18% of the total, in EU 15. - A less advantageous employment situation : three million jobs will have to be created if the average level of employment in the new Member States is to be aligned with that of the rest of the EU. On the other hand, other factors demonstrate the economic potential of an enlarged EU: the candidate countries in general have had a higher rate of economic growth than the present Member States and overall will help raise the average level of education in the Union. 2) The debate on future cohesion policy continues : the debate on the future of cohesion policy has remained intense throughout 2002 since the publication of the first progress report a year ago. Contributors have stressed the added value of EU regional policy in generating jobs and incomes in less well-off Member States and regions, promoting territorial integration, achieving Community priorities, and contributing to better governance. The following issues emerged as central to the agenda for future policy: - Less developed regions : there is a broad consensus on the need to continue to concentrate resources on the less developed regions. On the definition of these regions, the contributions to the debate have not seriously questioned the continued use of the present eligibility criteria based on regional GDP. - Special cases : there are concerns, as well as demands for special treatment, for some of today's generation of less developed (Objective 1) regions. These include those that will experience an increase in their relative income per head simply as a result of the decline in average per capita GDP in the enlarged Union, with consequences for their eligibility for EU support. Other concerns relate to the future of the least densely populated regions in the North. A particular case is that of the outermost regions whose particular handicaps are explicitly recognised in Article 299 of the Treaty. - Action outside the less developed regions : in the current period, 2000-06, approximately one-third of the Structural Funds is allocated to regions which are not eligible under Objective1. This is because of the many problems faced even in relatively prosperous Member States where the Union has a particular added value to contribute in terms of raising competitiveness, promoting sustainable development, and contributing to economic restructuring. - Co-operation : co-operation across frontiers and between regions is a European responsibility par excellence and there is universal demand for such efforts to be continued beyond 2006, possibly on the basis of new cross-border legal frameworks. - Simplifying management : simplification and greater decentralisation of responsibilities is an issue to be addressed both for current and future programmes. There is a general agreement that current management systems with very detailed rules are inappropriate, given the vast differences in needs, types of assistance and resources made available. There is also wide recognition that enlargement will aggravate the tension between the need for a more decentralised delivery system and the need for effective control. An avenue to be explored is that of a contractual approach involving the Commission, the national authorities, and the regional authorities perhaps in some official tripartite arrangement. - Financial resources : when establishing the future budgetary allocations for economic and social cohesion, the Union will need to take account of the unprecedented scale of disparities in an enlarged Union. The Commission will put forward its proposals on the new financial perspective in due course. Many contributions to the debate, especially at regional level, relate to a figure equivalent to 0.45% of EU GDP as a minimum level for the resources to be allocated to

cohesion policy for the period after 2006, a position which was endorsed notably by the European Parliament. 3) Preparing for enlargement up to the end of 2006 : accession negotiations with Estonia, Latvia, Lithuania, Slovakia, Slovenia, Hungary, the Czech Republic, Cyprus, Malta and Poland were completed at the Copenhagen European Council in December 2002 which finally opted for an envelope of almost Euro 21.7 billion for the Structural Funds and the Cohesion Fund for the period 2004-06. Aid from the Structural Funds will inevitably be delivered mainly through Objective 1 programmes. One third of the global financial allocation will be delivered through the Cohesion Fund. As regards the future deadlines : the third report on economic and social cohesion will be adopted at the end of 2003. Wide-ranging consultations will take place in 2003, including a major event in March 2003 on the future management of the Structural Funds. There are also plans to arrange consultations on the proposals of the third report in 2004 as part of a Forum on cohesion. The Commission will present its overall proposals for all policies together with the financial perspectives for the period after 2006. The objective is to ensure that 2006 is devoted to the negotiations with the Member States and the regions on the new programmes for 2007-13. ?

## Economic and social cohesion: regional trends, debate on future developments: 2nd interim report

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The committee adopted the own-initiative report by Emmanouil MASTORAKIS (PES, GR) on the Commission's 2nd progress report on economic and social cohesion. It endorsed the Commission's stance of rejecting attempts at the renationalisation of regional and cohesion policy and welcomed its determination to maintain a genuine Community policy. However, it noted the need for a more accurate setting of targets and priorities and for greater coordination between sectoral policies (agriculture, fishing, transport, R&D, etc.) and regional and cohesion policy. The report emphasised that the Commission should pay special attention to those regions suffering from the 'statistical' effects of enlargement, which lose their eligibility for Objective 1 as a result of the recalculation of EU GDP, by continuing to treat those regions as similar to Objective 1 areas with the equivalent level of support and administering aid. However, MEPs accepted that the threshold of 75% of the average GDP in the EU Member States must remain the essential criterion for eligibility for Objective 1. The committee supported the idea of a new Objective 2 to foster regional competitiveness, within the framework of balanced and sustainable polycentric development, in accordance with the Lisbon and Göteborg guidelines. It suggested that regional areas in which permanent geographical handicaps hinder economic development, output and job creation and which are not eligible for other Structural Funds should be eligible for a reformed Objective 2. The report stressed the need for consistency in the policy for regional cooperation in its three dimensions: cross-border (land or sea), trans-national and inter-regional. The Commission was urged to submit proposals, on the basis of experience gained from INTERREG, to improve the operation of such cooperation, for example by helping to finance investment in infrastructure and the implementation of certain cross-border infrastructure projects under the new instruments of Community regional policy. The committee also endorsed the Commission's main goal of simplifying the rules for implementing regional policy and supported the idea of a single fund approach per development objective. It reiterated its conviction that it was both necessary and feasible to achieve a proper balance between simplification and scrutiny and called for less cumbersome payment procedures. Lastly, it underlined the importance of tripartite contracts between the Commission, Member State and the region and called on the Commission to divide powers and responsibilities clearly amongst all those involved in cohesion policy.?

## Economic and social cohesion: regional trends, debate on future developments: 2nd interim report

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The European Parliament adopted its own-initiative report drafted by Emmanouil MASTORAKIS (PES, Greece) on the Commission's report on economic and social cohesion. (Please see the summary of 08/07/03.) The resolution was adopted by 452 votes favour, 56 against and 23 abstentions. Parliament also stated that the current threshold of 0.45% of Community GDP allocated to the cohesion policy was a threshold beneath which it is not possible to fall without jeopardising the achievement of the objectives laid down in the Union's cohesion policy. An evaluation of the needs of cohesion policy must take place immediately in the context of the financial perspectives with a view to enlargement. Parliament stressed the importance of the Cohesion Fund, particularly for the applicant countries. Those Member States which have a GDP of less than 90% of the EU average and are not members of the euro zone receive a combined grant from the Cohesion Fund and the Structural Funds for use in the environmental sector and for trans-European networks. In addition, there is a need for more clarification of the scope of activities within the various objectives. Parliament called for the measures and funding to be moved from Objective 3 to the new Objective 2. There must be an accurate definition of the relationship between regional policy and the rural development policy implemented within the framework of the second pillar of the Common Agricultural Policy and the socio-economic aid available from the structural section of the Financial Instrument for Fisheries Guidance. Parliament emphasised the need for clear and unambiguous criteria for the implementation of Objective 2, in order to achieve a balanced distribution of economic resources between the regions in accordance with actual requirements. Finally, Parliament demanded that in the framework of the revision of the Structural Funds regulations, the role of partnership should be strengthened given the unequal progress in applying partnership in the Member States. The Commission should propose a harmonisation of the implementation and selection of partnership in regional policy.?