


Procedure file

Basic information		
INI - Own-initiative procedure	2004/2005(INI)	Procedure completed
Economic and social cohesion. 3rd report		
Subject 4.70 Regional policy		

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	RETT Regional Policy, Transport and Tourism		21/01/2004	
		PPE-DE HATZIDAKIS Konstantinos		
	Committee for opinion	Rapporteur for opinion	Appointed	
	BUDG Budgets		09/03/2004	
		PSE PITTELLA Gianni		
	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.		
	ITRE Industry, External Trade, Research, Energy		18/02/2004	
		PSE ZORBA Myrsini		
	EMPL Employment and Social Affairs		11/02/2004	
		ELDR ATTWOOLL Elspeth		
	ENVI Environment, Public Health, Consumer Policy	The committee decided not to give an opinion.		
	AGRI Agriculture and Rural Development		19/02/2004	
	PPE-DE SCHIERHUBER Agnes			
PECH Fisheries	The committee decided not to give an opinion.			
FEMM Women's Rights and Equal Opportunities		19/02/2004		
	PSE GILLIG Marie-Hélène			
European Commission	Commission DG Regional and Urban Policy	Commissioner		

Key events			
29/01/2004	Committee referral announced in Parliament		
18/02/2004	Non-legislative basic document published	COM(2004)0107	Summary

07/04/2004	Vote in committee		Summary
07/04/2004	Committee report tabled for plenary	A5-0272/2004	
20/04/2004	Debate in Parliament		
22/04/2004	Decision by Parliament	T5-0368/2004	Summary
22/04/2004	End of procedure in Parliament		

Technical information

Procedure reference	2004/2005(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/5/20621

Documentation gateway

Non-legislative basic document	COM(2004)0107	18/02/2004	EC	Summary
Committee report tabled for plenary, single reading	A5-0272/2004	07/04/2004	EP	
Text adopted by Parliament, single reading	T5-0368/2004 OJ C 104 30.04.2004, p. 0747-1000 E	22/04/2004	EP	Summary
Committee of the Regions: opinion	CDR0120/2004 OJ C 318 22.12.2004, p. 0001-0007	16/06/2004	CofR	

Economic and social cohesion. 3rd report

PURPOSE : to propose a new partnership for cohesion in the enlarged Union. **CONTENT** : the European Commission has presented the Third Report on economic and social cohesion, which sets out its vision for cohesion policy in an enlarged Union for the period 2007-2013. The proposals follow those of the Union's future budget which included a EUR 336 billion package for cohesion policy (INI/2004/2006). The report contains concrete recommendations on how these resources should be used in order to narrow the economic gaps between Member States and regions and achieve faster growth and more sustainable development. The report has four parts: 1) Cohesion, competitiveness, employment and growth situations and trends: The analysis shows that disparities in income and employment across the European Union have narrowed over the past decade, especially since the mid-1990s. But there are still important deficits to make up between the least well-off and the rest which will require a long-term effort. 2) The impact of Member State policies on cohesion: Public expenditure in the Member States averages 47% of GDP, a figure vastly superior to the budget of the Union of just over 1% of EU GDP, of which under half is for cohesion policy. The Member States carry major responsibility for providing basic services and income support. Despite its relatively small size compared to national public resources, EU cohesion policy performs a key role in tackling disparities because it is concentrated on investment and on the less developed regions. 3) Impact of community policies: competitiveness and cohesion. The different Community policies - environment, internal market, agriculture, competition and state aid - have the potential to increase the effectiveness of cohesion policy, for example, by taking explicit account of economic, social and territorial circumstances. The report shows that this is increasingly the case. This includes the increasing weight given to rural development in the CAP, the increasing importance given to provisions for services of general interest in networks policy and so on. 4) Impact and added value of structural policies: European programmes have helped directly to promote regional convergence and employment. For example, in the 2000-2006 period, the policy is adding some 3% to the capital stock in Spain, up to 9% in Greece and Portugal, 7% in the Italian Mezzogiorno and 4% in the eastern German Lander. The result is a significant narrowing of the gaps in key sectors such as transport where, for example, the coverage of the motorway network in the poorest Member States of the Fifteen now slightly exceeds that in the rest of the Union. Furthermore, the Commission proposes a new architecture for EU cohesion policy, which is organised around three main priorities: - Convergence: supporting growth and job creation in the least developed Member states and regions. First and foremost, this objective would concern those regions with per capita GDP less than 75% of the Community average. At the same time, temporary support is proposed for regions where per capita GDP would have been below 75% of the Community average for EU15 (the so-called statistical effect). Modernising and diversifying the economic structure, extending and upgrading basic infrastructure, protecting the environment, reinforcing administrative capacity, improving the quality of labour market institutions, education and training systems and increasing human capital would be the major issues of co-financing of national and regional programmes. In addition, those Member States

whose Gross National Product is below 90% of the Community average will be eligible for the Cohesion Fund. This will continue to finance transport and environmental programmes. - Regional competitiveness and employment: anticipating and promoting change. The key objective of cohesion policy outside the least favoured Member states and regions would be twofold: First, through regional programmes, cohesion policy would help regions and the regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into account existing economic, social and territorial disparities. Second, through national programmes, cohesion policy would help people to anticipate and to adapt to economic change, in line with the policy priorities of the European Employment Strategy (EES) by supporting policies aiming at full employment, improving quality and productivity at work, and social inclusion. - European territorial cooperation: promoting the harmonious and balanced development of the Union territory. Building on the experience of the INTERREG Initiative, the report recommends the continuation of action to promote the harmonious and balanced integration of the Union's territory by supporting co-operation at cross-border and transnational level. In principle, all regions along the external and internal borders, terrestrial as well as maritime would be concerned by cross-border co-operation. The key aim is to provide joint solutions to common problems between neighbouring authorities, such as urban, rural and coastal development and development of economic relations and networking of small and medium-sized enterprises. The key principles of the delivery system for cohesion policy will be maintained such as strategic planning, decentralised management, systematic monitoring and evaluation. The report proposes important changes, including a new dialogue with the Council to help to ensure that cohesion policy is adjusted to the priorities set out under the Lisbon and Gothenburg agendas. Each year, the European Institutions would examine progress on the strategic priorities and results achieved on the basis of a report by the Commission summarising Member States' progress reports. In terms of financial resources for the period 2007-2013, it is proposed to allocate EUR 336.3 billion or 0.41% of the Union's Gross National Income (GNI) in support of cohesion (0.46% before the transfers to the rural and fisheries instruments). On current estimates, around 78% of this amount would be for the "convergence" priority, some 18% for "regional competitiveness and employment" and around 4% on "European territorial cohesion".?

Economic and social cohesion. 3rd report

The committee adopted the own-initiative report drawn up by Konstantinos HATZIDAKIS (EPP-ED, GR) in response to the Commission's Third Report on economic and social cohesion. It welcomed many of the Commission's proposed reforms and expressed particular satisfaction that no renationalisation of cohesion policy had been proposed. In their general comments, MEPs accepted the compromise on funding which the Commission was proposing for regional and cohesion policy (0.41% of EU Gross National Income, rather than 0.45% of Community GDP as Parliament had long advocated), in view of the need for financial discipline. They added that the budget allocations under the new financial perspective should at the very least remain unchanged, and that if they were to fall below current levels "there would be no guarantee of attaining the cohesion required by the Treaties". The committee then reviewed the new architecture proposed by the Commission for EU cohesion policy, organised around three main objectives: - convergence: MEPs endorsed the preservation of the threshold of 75% of per capita GDP as the main indicator for inclusion in this objective. They also welcomed the recognition of the so-called "statistical effect" (whereby existing Objective 1 regions will lose their eligibility as a result of the lowering of the average per capita GDP in the enlarged EU) and the Commission's proposal for temporary support for the regions in question. However, they insisted that this temporary support should be "satisfactorily confirmed" in the Commission's future legislative proposals and that adequate funding should be provided. Other recommendations included ensuring that support was given under the Cohesion Fund and the ERDF for the social inclusion of disadvantaged groups and the removal of barriers to access for people with disabilities. And MEPs once more insisted that transport infrastructure financed from the Cohesion Fund should help to develop the most environmentally-friendly modes of transport, such as rail and waterways; - regional competitiveness and employment: the committee welcomed the introduction of this completely revised second objective and said that EU resources should be targeted at areas of greatest need. It drew attention to the fact that regional policy had not been able to solve the serious problem of employment in the cohesion regions, for which specific proposals and appropriate funding were needed. MEPs added that there needed to be a greater regional dimension to measures under the European Social Fund and they also called for more emphasis to be placed on gender equality in projects financed under the structural funds; - European territorial cooperation: the committee welcomed the creation of a separate objective for territorial cooperation and proposed that the new organisational structure be based on a tripartite contract between the EU, the Member States and the regions. MEPs welcomed the Commission's proposed "integrated response" to the specific needs and characteristics of different territories. They underlined the need for a strong urban dimension and also praised the Commission for the attention given to the specific problems of the outermost regions and thinly-populated areas. At the same time, the committee reaffirmed the importance of continued support for the regeneration of traditional industrial areas. In other recommendations, the committee called on the Commission to come up with proposals for the future of state aids to enable territorial differentiation to be incorporated into the rules. It also wanted the European strategic document for cohesion to be the subject of a European law embodying the full legislative participation of Parliament, as envisaged in the draft Constitution for Europe. Lastly, the report welcomed the Commission's proposals to simplify cohesion policy and achieve improved coordination with other sectoral policies, and recognised that the concentration of regional policy on a limited number of objectives would enhance this process. ?

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In adopting a report from Konstantinos HATZIDAKIS (EPP-ED, GR), Parliament supports the new approach to cohesion policy the EU for the period 2007-2013. (Please refer to the previous document).

In addition to the document drafted by the committee responsible, it should be noted that, for rural areas, Parliament supports the Commission's intention to create a single fund for rural developments, which will henceforth form the second pillar of the CAP. Nevertheless, they regret that the Commission has not confirmed an increase in the second pillar in the future EU budget, but plans instead to freeze rural development spending at the 2006 level, which would lead to a constant fall in rural development appropriations given that there will be 25 or 27 Member States.

Regarding fisheries, MEPs say support instruments should support the sustainable development of fishing activities and an improvement of the living and working conditions of fishermen.

Parliament urges that the Structural Funds and the Cohesion Fund should retain their structure based on expenditure targets; considers that the N+2 rule for the automatic de-commitment of appropriations that have not been implemented should be retained, since it has proved its effectiveness in improving the implementation of funds over the current programming period.

Equally, it agrees with the overall apportionment of funds to the three objectives. Moreover, it welcomes the fact that the absorption limit of 4% of national GDP for allocation of funds to the Member States has been retained, and that amounts covered by rural development and fisheries instruments are also to be taken into account in this connection.

On the issue of the coordination with other policies and notably the future of State aids, Parliament underlines the necessity for the Commission to come forward with proposals for the future of State aids based on Article 87(3)(a) of the Treaty and to reflect on how territorial differentiation might be incorporated into the rules through the use of appropriate indicators. It also considers it absolutely essential to maintain territorial differentiation in competition state aid policy in order to pursue a territorial cohesion objective. It calls on the Commission to ensure that the relocation of businesses is not subsidised by European regional policy.

Satisfied with the Commission's aim to simplify regional policy, Parliament urges the Commission to take account of the "user viewpoint", i.e. to make it easier for businesses, universities and national organisations to participate in projects without their activities being unnecessarily hampered by bureaucracy, payment reporting requirements etc.

Parliament declares itself in favour of the proposals to enhance partnership and cooperation between the local, regional, national and EU spheres of government and to encourage Member States to utilise the possibility of concluding tripartite agreements where appropriate. It asks the Commission to develop harmonised and binding rules and criteria for partnership association and development in the framework of the 2007-2013 Structural Funds regulations, at the same time ensuring efficient partnership through funding the costs of their participation.

Parliament asks the Commission to draw up for the next programming period procedures for verifying additionality that are more workable, that are integrated into the programming, monitoring and evaluation frameworks and that are suitable for use with the budgetary and statistical information available. Furthermore, it asks the Commission to develop specific measures such as sanctions in order to ensure compliance with this principle.

Lastly, it should be noted that the Parliament rejected by 242 votes against, 199 for and 11 abstentions the paragraph in the resolution which initially asked that the Parliament be treated on equal footing with the Council on the adoption of the Commission's programme on cohesion.