

# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2007/2148(INI)</a>	Procedure completed
4th report on economic and social cohesion		
Subject 4 Economic, social and territorial cohesion 4.70 Regional policy		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>REGI</b> Regional Development		25/06/2007
		PPE-DE <a href="#">GUELLEC Ambroise</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>BUDG</b> Budgets		20/09/2004
		ALDE <a href="#">GRIESBECK Nathalie</a>	
	<b>ECON</b> Economic and Monetary Affairs	The committee decided not to give an opinion.	
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
	<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	<b>ITRE</b> Industry, Research and Energy	The committee decided not to give an opinion.	
<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.		
<b>PECH</b> Fisheries			
<b>FEMM</b> Women's Rights and Gender Equality	The committee decided not to give an opinion.		
European Commission	Commission DG <a href="#">Regional and Urban Policy</a>	Commissioner HÜBNER Danuta	

Key events			
30/05/2007	Non-legislative basic document published	<a href="#">COM(2007)0273</a>	Summary
21/06/2007	Committee referral announced in Parliament		
23/01/2008	Vote in committee		Summary
29/01/2008	Committee report tabled for plenary	<a href="#">A6-0023/2008</a>	

21/02/2008	Results of vote in Parliament		
21/02/2008	Debate in Parliament		
21/02/2008	Decision by Parliament	<a href="#">T6-0068/2008</a>	Summary
21/02/2008	End of procedure in Parliament		

### Technical information

Procedure reference	2007/2148(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	REGI/6/50545

### Documentation gateway

Non-legislative basic document		<a href="#">COM(2007)0273</a>	30/05/2007	EC	Summary
Document attached to the procedure		<a href="#">SEC(2007)0694</a>	30/05/2007	EC	
Committee draft report		<a href="#">PE396.678</a>	26/10/2007	EP	
Committee opinion	PECH	<a href="#">PE393.949</a>	23/11/2007	EP	
Amendments tabled in committee		<a href="#">PE398.658</a>	17/12/2007	EP	
Committee opinion	BUDG	<a href="#">PE396.762</a>	18/12/2007	EP	
Amendments tabled in committee		<a href="#">PE398.371</a>	20/12/2007	EP	
Committee report tabled for plenary, single reading		<a href="#">A6-0023/2008</a>	29/01/2008	EP	
Text adopted by Parliament, single reading		<a href="#">T6-0068/2008</a>	21/02/2008	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2008)1767</a>	31/03/2008	EC	

## 4th report on economic and social cohesion

**PURPOSE:** to present the fourth report on the EU's economic and social cohesion policy.

**BACKGROUND:** Treaty provision require the Commission to submit a report, every three years, on progress towards achieving the specific objectives of the EU's economic and social cohesion policy. The report has to assess the various methods used in the Member States to contribute towards realising these objectives. This is the fourth such report to be prepared by the Commission. It provides, firstly an update on the situation and outlook on the EU's cohesion policy and secondly, an analysis of the impact of policy at national and Community level. Particular attention is given to the 2000-2006 programming period. A first assessment of the preparation for the new programming period, 2007-2013 is analysed.

**CONTENT:** in summary, the following findings have been made:

The added value of a cohesion policy:

The EU's cohesion policy is succeeding in making a difference to living standards across the Union. The fourth evaluation of the EU's cohesion policy finds, inter alia, that:

- Convergence is occurring at national and regional level: measured in terms of GDP per capita, regions have been showing strong economic performance and estimates suggest that these trends will continue;
- Cohesion policy supports job creation outside of the convergence regions: estimates suggest that between 2000-2005 over 450 000 new jobs in six countries were created, which accounts for some two-third of the European assistance allocated to Objective

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- Cohesion policy investment in people has high returns: the cohesion programme has co-financed the training of some 9 million people annually ? more than half of them being women. A strong percentage of those trained either (re)enter into employment after training or report better employment conditions and higher income;
- Cohesion policy leverages public and private capital in support of product investment: between 2000 and 2006 every euro invested by the cohesion policy led to further expenditure in Objective 1 regions averaging EUR 0.9. In the Objective 2 regions, this expenditure can go as high as three times the amount initially invested. This is achieved through policy rules such as co-financing and partnership and through increased private capital participation, including a variety of public private partnership agreements.

Situation and trends in economic, social and territorial disparities:

Between 1994 and 2006 Greece, Spain, Ireland and Portugal benefited the most from the EU's cohesion policy. They all achieved impressive growth rates. For example, between 1995 and 2005, Greece reduced the gap with the rest of the EU-27, moving from 74% to reach 88% of the EU-27 average in 2005. In 2005, Spain and Ireland moved from 91% and 102%, respectively, to reach 102% and 145% of the EU's average. Portugal, on the other hand, continues to return figures below the EU average. In 2005 its GDP per head was 74% of the EU average.

However, it is among the new Member States, especially those with a very low GDP per capita, where faster growth and more rapid catching up are visible. The GDP of the three Baltic States has almost doubled over the decade from 1995 to 2005. Poland, Hungary and Slovakia have performed well with growth rates more than double that of the EU average. At the same time, estimates suggest that it will take Poland, Bulgaria and Romania fifteen years to reach a GDP per head of 75% of the EU-27.

As far as the regional level is concerned relatively strong economic growth in regions with a low GDP per head over the past decade has meant that, overall, EU regions have been converging. Between 1995 and 2004 the number of regions with a GDP per head below 75% of the EU average fell from 78 to 70 and the number of those below 50% of the EU average declined from 39 to 32. Yet, in spite of progress, absolute disparities remain large. Between 2000 and 2004, real GDP per head fell in 27 regions.

In terms of employment and productivity those regions lagging behind the rest of the EU are beginning to catch up rapidly ? particularly so in the three Baltic States and in parts of Poland. As far as social cohesion is concerned disparities in unemployment rates have decreased though for some regions poverty remains a real challenge. In 2004, the proportion of those falling into poverty reached around 20% in Lithuania, Poland, Ireland, Greece, Spain and Portugal compared to only 10 % in the Netherlands, the Czech Republic and Sweden. On average those at risk of poverty in 2004 totalled 16% of the EU population - equivalent to 75 million people. This risk is higher for women, young children, the elderly and unemployed.

On the matter of territorial cohesion, evidence suggests that economic prosperity in the EU is becoming less geographically concentrated than was previously the case. The traditional 'core of Europe' (London-Paris-Milan-Munich and Hamburg) contributed a substantially smaller share of the EU-27 GDP in 2004 than in 1995 due to the emergence of new growth centres such as Dublin, Madrid, Helsinki and Stockholm ? but also Warsaw, Prague, Bratislava and Budapest. Within the Member States, economic activity is becoming more concentrated in capital city regions and there is a dominant trend in European cities toward suburbanisation. Thus, the concentration of deprivation in urban neighbourhoods remains an issue in many European cities. In addition, significant outward migration from rural areas is still the prevailing trend in large parts of the EU notably in the South of Italy, the North of Finland, Sweden and Scotland, Eastern Germany and the eastern parts of Poland.

New challenges:

New challenges to growth and employment are particularly relevant to cohesion policy since they have an uneven impact on Europe's territory and may widen social and economic disparities. The kind of challenges identified by the Commission include an increasing global pressure to restructure and modernise; climate change; increased energy prices; emerging demographic imbalance and social tensions; and national policies that face increasing difficulties in keeping up with the rapid pace of change imposed by these trends.

Next steps:

To conclude, in the course of 2007 and 2008, the Commission will develop its approach to the budgetary review setting the criteria for policy assessment and future policies. This review will assess and examine what kind of challenges cohesion policy may be faced with in the future. The Cohesion Policy Forum will discuss these challenges with stakeholders. During these discussions the Commission suggests that the following questions may be aired:

- What lessons can be drawn from preparing the 2007-2013 programmes?
- How can the regions react to restructuring pressures from dynamic competitors in low and medium tech sectors?
- What role can cohesion policy play in responding to demographic change?
- To what extent is climate change a challenge for cohesion policy?
- How can cohesion policy develop and integrate further growth and jobs in this new context?
- How can the cohesion policy promote harmonious, balanced and sustainable development?
- What key future skills are needed to face new challenges?
- What responsibilities should the regions develop to make the regions more globally competitive?
- What is the optimum allocation of responsibility between the Community, national and regional levels within a multi-level governance system?
- What could make the cohesion policy more performance based and more user friendly?
- How can synergies between the cohesion policy and other national/Community policies be improved?
- What new opportunities are there for co-operation between the regions both within, and outside of, the EU?

## 4th report on economic and social cohesion

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The Committee on Regional Development adopted the own-initiative report by Mr. Ambroise GUELLEC (EPP-ED, FR), welcoming the fourth report on economic and social cohesion. It regrets, nevertheless, the lack of cross-data and comparable data from different NUTS levels and calls for better statistical tools, which would allow the degree of economic, social and territorial cohesion on the ground to be measured more accurately, as well as the concrete contribution of local actions to cohesion policy.

The report welcomes the fact that the former cohesion countries (Greece, Spain, Portugal and Ireland), have caught up remarkably well, but points out that, in spite of their growth, there are still major imbalances between their regions and deep-seated structural problems. The report also welcomes the high growth rates recorded in the new Member States but notes that their economic convergence is to be expected only in the medium or long term and that it will be a long process.

MEPs are concerned that the convergence among countries very often masks the widening gaps between regions and within individual regions. While high growth rates have enabled certain Member States to reach full employment and increase their per-capita GDP, in other countries the differences between individual social groups have widened. MEPs emphasise that, in this context, the most vulnerable sections of the population still require social integration.

The report also emphasises the effect of polarisation in the regions around capital cities, a particularly marked phenomenon in the new Member States, and notes that this polarisation can give rise to great disparities among unemployment rates in city centres. The Commission is, therefore, called upon to specifically address this problem by presenting concrete proposals to control the process of urbanisation. In addition, MEPs stress the importance of integrating gender mainstreaming, equal opportunities and the special needs of persons with disabilities and senior citizens at every stage in the implementation of cohesion policy projects.

MEPs point to the enormous differences between countries in terms of the sums invested in research and development, and note great regional disparities in terms of innovation. They, therefore, call for the implementation of an active policy to support all forms of innovation and also invite the Commission to create possibilities for mutual co-operation between businesses, the public sector, schools and universities in order to create regional innovation clusters. They also call for the swift introduction of transparent rules and standard solutions for public-private partnerships that will enable regions to bring private capital to bear, in pursuit of public objectives.

MEPs call on the Commission to include a definition of 'territorial cohesion' in the forthcoming Green Paper on Territorial Cohesion, in order to make further progress in this Community policy. They also stress the importance of real partnership and the implementation of genuinely multi-level governance involving every level ? Community, national, regional and local, in consultation with economic and social partners ? in defining and implementing regional development objectives. MEPs also favour the development of an integrated approach that identifies the synergies that are possible between cohesion policy and major sectoral policies such as transport, agriculture, fisheries, rural development, environment and energy, research and technology.

The report proposes that priority be given to policies that serve a genuinely polycentric development of territories, such that the pressures on capital cities are lessened and the emergence of secondary poles encouraged. In this context, support for rural areas and the important role played by small and medium-sized towns located in rural areas should not be overlooked. The report also calls for practical steps to be taken to reduce the disparities between territorially accessible regions and regions with structural disadvantages, namely islands, mountain areas, sparsely populated areas and peripheral and border regions, recognising the disadvantaged position of the latter and taking special and permanent measures to support them.

Lastly, MEPs emphasise the importance of pilot projects and innovative strategies relating to the adaptation of regions to these new challenges, which have a strong territorial impact exacerbating existing obstacles to regional development, such as demographic change, urban concentration, migratory movements (which are particularly problematic for rural and peripheral areas), energy supply and climate issues and adjustment to the changes arising from globalisation.

Generally, MEPs take the view that cohesion policy needs to be further reinforced. They, therefore, call for sufficient financial resources to be allocated to cohesion policy at Community level. The revision of the financial framework should be used as an opportunity to define the budgetary resources needed to meet all of the Union's cohesion policy challenges.

## 4th report on economic and social cohesion

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The European Parliament adopted a resolution based on the own-initiative report drafted by Ambroise GUELLEC (EPP-ED, FR), on the fourth report on economic and social cohesion, and pointed out that a comprehensive European cohesion policy continues to be made necessary by the persistence of major disparities and specific structural problems in numerous European regions, a situation that has been aggravated by its recent enlargement.

Contrasting data on the state of cohesion: Parliament welcomes the fact that the former cohesion countries, namely Greece, Spain, Portugal and Ireland, have caught up remarkably well, recording impressive growth rates during the period 2000-2006, but points out that, in spite of their growth, there are still major imbalances between their regions and deep-seated structural problems. It also welcomes the high growth rates recorded in the new Member States but notes that their economic convergence is to be expected only in the medium or long term and that it will be a long process because of the very low GDP per capita starting point in some of these countries.

Members are concerned that the convergence among countries very often masks the widening gaps between regions and within individual regions. They note that this widening of regional and local disparities can be observed in a number of areas, in terms of employment, productivity, income, education levels and innovation capacity.

The resolution emphasises the effect of polarisation in the regions around capital cities ? a particularly marked phenomenon in the new Member States ? which on average generated 32% of their countries' GDP, while representing only 22% of the population. This polarisation can give rise to great disparities among unemployment rates in city centres. The Commission is asked specifically to address this problem with concrete proposals.

Regional policy and the Lisbon Strategy: Members point to the enormous differences between countries in terms of the sums invested in

research and development, and note great regional disparities in terms of innovation, which in the Fourth Cohesion Report are measured by a useful indicator of regional performance in terms of innovation. They regret that the innovation potential of small, micro and craft businesses has not been adequately taken into account in implementing cohesion policy, despite earmarking, and call for the implementation of an active policy to support all forms of innovation in these enterprises. Parliament also invites the Commission to create opportunities for mutual co-operation between businesses, the public sector, schools and universities, in order to create regional innovation clusters, in the spirit of the Lisbon Strategy. It calls for the swift introduction of transparent rules and standard solutions for public-private partnerships that will enable regions to bring private capital to bear in pursuit of public objectives. It emphasises that the scope of cohesion policy cannot be confined to meeting the Lisbon Strategy objectives, and takes the view that achieving territorial cohesion by means of actions under the convergence objective is a precondition for the long-term competitiveness of regions.

An integrated approach to territorial cohesion: Parliament calls on the Commission to include a definition of 'territorial cohesion' in the forthcoming Green Paper on Territorial Cohesion (scheduled for September 2008) in order to make further progress in this Community policy. It stresses that cohesion policy must not favour already dynamic regions, which would happen if there were strict earmarking of appropriations. It also stresses the importance of real partnership and the implementation of genuinely multi-level governance involving every level ? Community, national, regional and local, in consultation with economic and social partners ? in defining and implementing regional development objectives.

Parliament goes on to warn against the dangers of the sectorisation of policies and favours the development of an integrated approach that identifies the synergies that are possible between cohesion policy and major sectoral policies such as transport, agriculture, fisheries, rural development, environment and energy, research and technology. It proposes that priority be given to policies that serve a genuinely polycentric development of territories, such that the pressures on capital cities are lessened and the emergence of secondary poles is encouraged. Support for rural areas and the important role played by small and medium-sized towns located in rural areas should not be overlooked in this connection. Parliament also calls also for practical steps to be taken to reduce the disparities between territorially accessible regions and regions with structural disadvantages, namely islands, mountain areas, sparsely populated areas and peripheral and border regions, recognising the disadvantaged position of the latter and taking special and permanent measures to support them.

New challenges and the general budget of the EU: Parliament takes the view that the Union will be increasingly faced with new challenges with a strong territorial impact exacerbating existing obstacles to regional development, such as demographic change, urban concentration, migratory movements (which are particularly problematic for rural and peripheral areas), energy supply and climate issues and adjustment to the changes arising from globalisation, as well as enlargement and neighbourhood policies. It stresses the importance of pilot projects relating to the adaptation of regions to these new challenges. Retaining cohesion policy after 2013 is an appropriate response to these new challenges. Parliament feels that cohesion policy should remain a Community policy. It rejects, all attempts to renationalise this policy. Cohesion policy needs to be further reinforced. Parliament calls, therefore, for sufficient financial resources to be allocated to cohesion policy at Community level, and for the revision of the financial framework to be used as an opportunity to define the budgetary resources needed to meet all of the Union's cohesion policy challenges.