GROUP OF THE EUROPEAN PEOPLE’S PARTY (CHRISTIAN DEMOCRATS) AND EUROPEAN DEMOCRATS IN THE EUROPEAN PARLIAMENT

SEMINAR ON THE FUTURE OF THE COHESION POLICY

BRUSSELS, 25 FEBRUARY 2004
The future of the cohesion policy

SEMINAR ON

THE FUTURE OF THE COHESION POLICY

Brussels, 25 February 2004
5.00 p.m. - 7.30 p.m.

Room P3C050

Introduction

- Mr José Ignacio Salafranca Sanchez-Neyra, Member of the European Parliament, Vice-President of the EPP-ED Group
- Mr James Elles, Member of the European Parliament, Vice-President of the EPP-ED Group

Cohesion Policy: the Political Challenges and Issues in an Enlarged Union

- Mr Michel Barnier, European Commissioner responsible for Regional Policy
- Mr Éamon Ó Cuív, President-in-Office of the Council, Minister for Community Affairs and Rural Policy, Ireland
- Mr Carlos Costa Neves, Secretary of State for European Affairs, Portugal

The Specific Problems

- Mr Michaël Schneider, Secretary of State of “Sachsen-Anhalt”, Draftsman in de Committee of Regions: “The phasing out “ (Objective 1a).
- Mr Rafael Delgado, Vice-Councillor of the Comunidad de Castilla y Leon: “The added value of the cohesion policy : “Successful achievements and future aid to the regions which face natural phasing-out of objective 1”.
- Mr Nuno Vitorino, Expert in the Regional Secretariat of Finance, Government of the Autonomous Region of Madeira: “The outermost regions and the islands in the framework of a new cohesion policy”.
- Professor Lino Briguglio, University of Malta: “Enlargement, the challenges and the implementation of the cohesion policy by the new Member States”.

Debate
Conclusions

- Mr Sergio Marques, Member of the European Parliament, Member of the Committee on Regional Policy, Transport and Tourism

- Mr Konstantinos Hatzidakis, Member of the European Parliament, Coordinator of the EPP-ED Group in the Committee on Regional Policy, Transport and Tourism, and European Parliament rapporteur for the 3rd Report on Social and Economic Cohesion
INTRODUCTION


As well as assessing the cohesion policy pursued so far, the report mapped out guidelines for the period 2007-2013 with a view to revision of the financial perspective and in the context of an enlarged Europe.

Cohesion policy was now in a rather singular position: account had to be taken not only of the accession of 10 new Member States on 1 May 2004 but also of the forthcoming European elections, the advent of new Commissioners from the candidate countries, the investiture of the new Commission on 1 November, and the deadlock on the draft European Constitution.

The Commission’s proposals in this third cohesion report related to convergence, regional competitiveness, employment, territorial cooperation and, above all, thorough reform of the management of the structural funds.

These proposals would be discussed at length in the European Parliament on the basis of own-initiative reports by the Committee on Regional Policy, Transport and Tourism and the Committee on Budgets. Mr Salafranca Sánchez-Neyra stressed the need to develop a number of points in greater detail, such as the reference to the financial ceiling, the proportion of financial income earmarked for cohesion policy, and the issue of grants from the cohesion fund to the outermost regions.
The future of the cohesion policy

James Elles, Vice-Chairman of the EPP-ED Group, stressed that the debate on the reform of cohesion policy had to be placed in the context of the revision of the financial perspective announced by Romano Prodi in the European Parliament on 10 February.

As Chairman of the EPP-ED Group’s Working Group ‘C’, Mr Elles reminded participants that a number of basic issues had yet to be resolved. With regard to the financial perspective, the point must be pressed that limits should not be placed on Parliament’s rights without a clear and explicit reason. It followed that the financial perspective should be fixed on a five-yearly basis to coincide with the terms of office of the European Parliament and the Commission.

With regard to budgets, there was a need to introduce greater flexibility to facilitate a response to emergencies at European level. That flexibility had often been lacking, even if it had sometimes proved possible to transfer funds from one category to another in an emergency.

Mr Elles also pointed out that large amounts of European funds were sometimes returned to Member States because objectives set on the basis of the financial perspective had not been achieved. For that reason, particular attention should be paid to predicted expenditure in determining the new financial perspective. Certain Member States had already announced they were in favour of capping the Budget arbitrarily at 1% of EU GNP. This raised the issue of the methods needed for the Union to be able to function with 25 Member States.

Finally, there was the question of how to allow, when determining the financial perspective, for the funds that would be needed if negotiations were opened with Turkey.
Michel Barnier recalled that debate on the reform of cohesion policy had begun three years earlier. For three years the Commission had listened to the arguments of Governments, heads of regions, the European Parliament and national Parliaments.

The next Commission, which would have to conduct negotiations on the financial perspective with the Council of Ministers and the European Parliament, would be quite free to adjust and clarify that policy. But the conclusion reached in this comprehensive report on cohesion was not an arbitrary one valid only for a particular set of circumstances: it was the outcome of three years’ painstaking and impartial work.

For the citizens of Europe, cohesion policy was one of the most tangible and visible of European policies. It was also one of the most useful policies for the European Parliament, which would be quite free to adjust and clarify that policy. But the conclusion reached in this comprehensive report on cohesion was not an arbitrary one valid only for a particular set of circumstances: it was the outcome of three years’ painstaking and impartial work.

COHESION POLICY: CHALLENGES AND POLITICAL ISSUES IN AN ENLARGED UNION

Michel Barnier stressed four points:

- From 1 May 2004 there would be greater gaps and more disparities within the European Union than at present, putting the Single Market and the Single Currency at greater risk. This would raise awareness of the need for a cohesion policy to reduce those disparities.

- Cohesion policy generated its own added value. It could not easily be replaced by national policies. Renationalisation of cohesion policy was not the answer.

- A cohesive economic space was needed in order to achieve competitive and sustainable growth. Cohesion policy must therefore work in synergy

As from 2007, two equally important challenges would have to be faced. The challenge of ensuring that Europe’s economy remained competitive.

The Third Report on Economic and Social Policy: A New Partnership for Cohesion gave a positive assessment of cohesion policy. The available funding was now being taken up and used more effectively than in the past. Cohesion policy also yielded some returns: for every 100 euros allocated to Spain from the structural funds, 15 euros found its way back to the net contributing countries by way of contracts or orders. For every 100 euros allocated to Greece, 40 euros returned to the contributing countries. So the policy had advantages for all Member States.
The future of the cohesion policy

with the major priorities defined in Lisbon and Gothenburg. Cohesion, sustainable growth and competitiveness could not be achieved if there were desertified regions and choking cities.

Regions and cities had political and economic weight even in fairly centralised countries. Cities and regions had an active part to play in achieving the objectives set in Lisbon and Gothenburg.

The New Partnership for Cohesion proposal was based on these four conclusions. It established three major priorities:

The first priority, which would cover about 78% of the overall envelope, was convergence of the countries and regions in greatest difficulty. As at present, it would apply to regions of the European Union whose GDP per head was less than 75% of the EU average. The Union of 27 would have around 80 such regions. In accordance with the Treaty, the cohesion fund would still be earmarked for States whose GDP was less than 90% of the EU average.

This priority corresponded to former Objective 1 and would still represent the main thrust of aid through global and regional programmes.

Nonetheless, the Commission was proposing special temporary financial treatment during the future budget period for 18 regions in the present EU15 that would have continued to benefit from Objective 1 status if the accession of 10 new Member States poorer than themselves had not pushed up sharply the statistical evaluation of their development in the EU25.

The second priority, which would cover 18% of the overall envelope, was regional competitiveness and employment. It would apply to other regions and States that, while not lagging behind, had serious problems such as widespread urban poverty, immigration problems, sudden industrial delocation, and rural desertification.

These regions would receive aid in the form of regional competitiveness and employment contracts that would henceforth be geared to the major European priorities. The new partnership would encourage the regions involved to contribute actively to the success of Europe as a whole through their own efforts and thanks to the effort made at European level. A compulsory part of these programmes would be devoted to training and human resources, and to reducing exclusion. Three areas would receive priority funding from the ERDF: new technologies and the knowledge society; environment and risk prevention; accessibility and public services.

Within these envelopes for regional competitiveness, or the larger Objective 1 envelopes for convergence, special emphasis would be placed on certain areas that suffered from specific natural handicaps and encountered greater difficulties than others with regard to European integration. These were regions with very low population density (in Finland and Sweden, for example) and certain mountainous or island regions.

Due account would also be taken of the urban dimension: half of Europe’s population now lived in cities, where there were sometimes very great disparities.

An ‘Urban+’ sub-envelope would be earmarked for the urban environment, with the accent on training, accessibility and new technologies in urban districts.

The third priority, which would cover 4% of the envelope (twice as much as today), would be transnational and cross-border cooperation. Europe should build on the experience gained with the Interreg instruments, and the system should be expanded and simplified. The Commission intended proposing a new legal instrument for that purpose in the shape of a cross-border regional authority.

In accordance with the provisions of the Treaty, the proposal for a new cohesion policy would of course guarantee special treatment for Europe’s seven outermost regions. Some of them would be covered by the convergence objective, others by regional competitiveness, but all of them would also receive special treatment amounting to EUR 1 billion over the period to help them overcome
The future of the cohesion policy

their specific constraints.

A new ‘extended neighbourhood’ instrument would also be proposed to help them cooperate more effectively and with greater impact in their regional surroundings — whether in Africa, the Atlantic, South America, North America or the Indian Ocean.

In conclusion, Mr Barnier emphasised that solidarity was not an old-fashioned idea but was central to European construction. With 12 new countries joining the Union, the Commission wanted to give it new and tangible expression. The aim was to promote solidarity more efficiently under the EU programmes and to align it more closely with the major European priorities.

This would of course require adequate funding. The Commission had put forward an ambitious, responsible proposal that would be debated in the Council and in Parliament. The whole European Budget was today barely 1% of EU gross national income. The Heads of State and Government had set the ceiling at 1.24% but the Commission’s proposal, at 1.11%, was exactly half way between the two (not counting the EDF, which was not part of the EU Budget).

It was a realistic proposal that could be explained to Europe’s citizens. By way of comparison, Mr Barnier pointed out that the US federal budget amounted to 20% of the nation’s wealth.

A great deal of thought had gone into this: now it was time to show conviction. There remained a year and a half of deliberations in the Council and Parliament and discussions with the Member States. With this in mind, Mr Barnier called on the EPP-ED Group to continue to play a major role for the remainder of the current period, as well as in the future Parliament, in the future Commission, and in those governments that shared its political convictions. In so doing, it would keep faith with the history of European integration to which it had made such a great contribution, and would ensure that the decisions taken were commensurate with the two great challenges facing Europe at the present time: reunification of the continent and competitiveness.

Eamon Ó Cuív, Ireland’s Minister for Community, Rural and Gaeltacht Affairs, reminded participants that 1 May 2004 would see the greatest enlargement in the history of the European Union. Its population would increase from 375 to 450 million. Enlargement would double the gap between the Union’s richest and poorest regions. In the enlarged European Union, 116 million people, i.e. 25% of the total population, would be living in regions with per capita GDP below 75% of the EU average (compared with 68 million, or 18% of the population, in the present EU).

While enlargement was a major success, it presented considerable challenges. The task ahead was to fulfil the huge expectations of the new member countries while continuing to meet the needs of regions and present Member States where there were still disparities.

Publication of the Commission’s third report on economic and social cohesion was a major step in establishing a framework for responding to the challenges ahead.

The Irish Presidency considered the report a good basis for the long negotiations to be expected on allocations from the structural funds for the period 2007-2013.
The Commission’s proposal comprised a EUR 336 billion package for future cohesion policies, which would concentrate on three key objectives: convergence, competitiveness and cross-border cooperation.

Solidarity among the peoples of the European Union, economic and social progress and reinforced cohesion were among the Union’s prime objectives. It was important to keep sight of these objectives when it came to revision of the financial perspective. The ultimate aim must be cohesion among the various States, with special priority for the new members.

Nonetheless, there were still great regional disparities in the present Member States. Sparsely populated island and mountainous regions, and regions that had suffered economic setbacks, should continue to receive special attention.

Cohesion policy should include other forms of support apart from direct financial aids. Regions suffering from permanent disadvantages, such as island and mountainous regions and relatively inaccessible or sparsely populated regions, should also enjoy permanent fiscal advantages to compensate for their geographical handicap and increase their competitiveness with regard to the rest of the Union.

Mr Ó Cuív reminded participants that 70% of the population of the present Union lived in urban areas, and the figure could rise to 80% within the next 15 to 20 years. This was not yet a problem in the candidate countries, which still had largely rural populations, though with low incomes.

Unless effective rural development policies were introduced quickly, however, massive migration to urban centres was likely to deprive those rural regions of their most dynamic young inhabitants and cause serious social disruption in the urban centres.

In the case of the new Member States, we should learn from our mistakes and find a means of promoting their development that avoided the desertification of rural areas.

Mr Ó Cuív also stressed that urban regions were often close to regions of rapid economic growth. Economic growth had therefore to be accompanied by a social and territorial cohesion policy.

Each region, whether small, large, urban or rural, should have a fair share in the emerging Europe. The ultimate aim must be a balanced Europe in which social justice counted for as much as economic needs.

Carlos Costa Neves, Portuguese Secretary of State for European Affairs, said that the negotiations on the financial perspective for the period 2007-2013 were bound up with the future of economic and social cohesion policy which, with enlargement and the revision of the Treaties, would play a decisive role in the future configuration of the European Union.

The Union had to remain united in diversity. This required further development of the founding principles of the social contract (equality, institutional balance, reinforcement of the Community method, cohesion and solidarity), on which the EU had
been constructed and which were at the root of its achievements.

The transition from 15 to 25 Member States, with a population increase of 75 million and 25% more territory, would have a major qualitative and quantitative impact on the process of European integration.

The accession of States in which income per head was half that of the present EU countries would increase disparities but would also create great opportunities for growth for the new Member States.

To be effective, Europe’s response to the increase in disparities must be based on the economic and social pressure that was one of the main driving forces behind European construction.

Cohesion policy was a decisive factor in enabling each citizen in the territory of the Union to enjoy the benefits of economic integration.

Portugal was a good illustration of the importance of European cohesion policy. The results described in the Commission’s report were indisputable. From 1994 to 2001 Portugal’s average annual growth rate, which had depended to a large extent on the structural funds, had been 1% higher than the EU average.

It should be remembered, however, that although the most disadvantaged States and regions had been, and must continue to be, the main beneficiaries of cohesion policy, that policy had benefited all the Member States. The countries that had received more than half the structural funds in the context of the Delors 2 package or Agenda 2000 had also brought real returns to the contributing countries.

If the Union wished to meet all the challenges facing it in the political and economic spheres - competitiveness, cohesion, defence, judicial cooperation and internal security - it would have to give itself adequate budget resources. The Commission had followed a sound principle: it had started by defining its aims, policies, priorities and a strategic vision of the Europe of the future, and then gone on to define the means required to achieve them.

Mr Costa Neves stressed that, whatever scenario was adopted, the EU Budget was modest in comparison with the public expenditure of a Member State. In the case of cohesion policy, the Commission proposed maintaining the same percentage as in the previous period. Considering that enlargement would increase the population of the least favoured regions by 70 million, the funding proposed was really the absolute minimum required in order to implement all Community policies in an enlarged Union.

The forthcoming negotiations would be a real test of the institutional structure, with all three institutions involved: Commission, Council and Parliament. The outcome would determine Europe’s ambitions for the next decade.

**SPECIFIC PROBLEMS**

**ADDED VALUE FROM COHESION POLICY: A SUCCESSFUL OUTCOME AND FUTURE AIDS FOR REGIONS NO LONGER COVERED BY OBJECTIVE 1**

**Rafael Delgado**, of the Department of Economic Affairs of the Autonomous Community of Castille and Leon, recalled that Castille and Leon had been able to benefit from EU aid since Spain’s accession to the Union in 1986. The positive effects had been considerable and had enabled it to become one of Spain’s best equipped, best prepared and most competitive regions.

While it was practically impossible to analyse the specific impact of EU aids on the variables of production and regional employment, certain indicators suggested that those aids had been largely responsible for the positive economic performance of Castille and Leon in recent years and its real convergence with the European economy.

Mr Delgado stressed that the fact that Castille
and Leon would no longer be an Objective 1 region was not due to the statistical impact of the accession of the ten new Member States but to the efforts of its enterprises and workers, sound management of funds received, and efficient economic policies that had increased wealth and raised living standards.

Leaving Objective 1 status behind was a cause for pride: better to move towards prosperity and convergence than to remain in difficult economic circumstances. A dozen other regions that would no longer be classified as Objective 1 could also take pride in having caught up with the rest of Europe to a large extent.

Castille and Leon had benefited from European solidarity and had now to show solidarity in turn. But although solidarity with the countries joining the Union was indispensable, it was also vital that it should not be exercised to the detriment of regions whose structural problems had not yet been fully resolved. A good approach would be to stipulate a transition period for such regions during which they would receive a financial contribution from the Union that would be gradually phased out.

In the case of Castille and Leon, specific weaknesses were still apparent. GDP per capita (78% of the EU average in 2001 according to Eurostat) did not fully reflect reality. The region’s specific constraints must also be taken into account, in particular: the age pyramid of the population; the unemployment rate (which had fallen but was still above the EU average, especially for women and young people); a particularly mountainous configuration with a specific impact on the cost of public services; a huge surface area larger than the whole of Benelux; a large number of local authorities widely spread out and sparsely populated; and the fact that a quarter of its territory was in an environmental protection zone, which meant that its potential could not be exploited to the full.

Castille and Leon was thus looking for a financial arrangement adapted to its specific circumstances and seeking the retention of European structural aid via the cohesion fund.

If Europe wished to preserve the spirit that had facilitated the process of integration and the removal of income inequalities at regional level, it would be unfair to penalise regions that had been able, through sound management of the aid received, to improve their convergence and leave Objective 1 status behind them, while other regions had received more aid but not achieved such satisfactory results.

The EU must maintain solidarity and its regional cohesion policy. The cohesion instruments had a major impact on regional competitiveness and made a powerful contribution to improving living standards, especially in the most disadvantaged regions.

**THE PLACE OF THE OUTERMOST AND ISLAND REGIONS IN THE NEW COHESION POLICY**

**Nuno Vitorino**, advisor to the Financial Secretariat of the Autonomous Region of Madeira, said the Commission’s proposals were interesting and stimulating.

The third report on cohesion, which dealt with the future of economic and social cohesion policy, was nevertheless disappointing in its treatment of the outermost regions. There was a striking difference between the extremely rigorous classification of post-2006 cohesion policy measures for all of Europe’s other regions and the prevailing vagueness about the fate of the outermost areas.

The outermost regions deserved to be treated in a manner that was qualitatively comparable with the third report’s treatment of other regions.

The Treaty recognised the need for special measures to help the outermost regions overcome the constraints on their growth and economic and social progress, and the draft Constitution had reaffirmed these principles in much more explicit terms. So the EU had a very clear mandate on this matter.
The future of the cohesion policy

The third cohesion report ought therefore to have set out in greater detail the nature of the programmes to be implemented in favour of the outermost regions, the amount of funding involved, and the distribution of aid among them.

Inclusion of an action aimed specifically at these regions among the control instruments provided for in the report was interesting but of little importance.

The report also contained a proposal for a joint strategy for the outermost regions, apparently involving transitional arrangements for those regions that no longer qualified for Objective 1 status.

In short, the Commission’s proposals for the outermost regions in the third cohesion report left a great deal to be desired. Mr Vitorino regretted in particular that two of those regions, Madeira and the Canaries, and perhaps also Martinique, would no longer qualify for Objective 1 status after 2006.

He wished to make members of the European Parliament aware of the need to ensure that Europe’s peripheral and outermost regions enjoyed conditions favourable to the development of competitiveness, so that they could make their full contribution to sustained economic growth in the European Union as a whole.

THE CHALLENGE OF ENLARGEMENT: IMPLEMENTATION OF COHESION POLICY BY THE NEW MEMBER STATES

Lino Briguglio, professor of economics at the University of Malta, recalled that the main priority of cohesion policy was to promote convergence of the least favoured states and regions with those that were economically more advanced.

Since enlargement would accentuate the disparities, greater use would be made of the cohesion instruments.

While the political benefits of enlargement were certain, cohesion policy would weigh heavily on the EU budget because of the disparities in economic development and employment in the new Member States.

The candidate countries had been allocated structural and pre-accession funds, which had been, were and would continue to be of prime importance. But despite the successes of the pre-accession period, there were still considerable discrepancies between the 15 current Member States and the 12 candidate countries.

Like Malta, however, many regions in the new Member States would find themselves above the threshold of 75% of EU GDP on purely statistical grounds.

Mr Briguglio stressed that the three EU priorities set in the third cohesion report - convergence, regional competitiveness and territorial cooperation - were crucially important to the new Member States.

The Commission proposed to continue supporting countries whose GDP had been below 75% of the EU average in the Europe of 15. That support had been decided in 1999 at the Berlin European Council. Mr Briguglio stressed, however, that this view of the problem was very relative, since a large number of regions in the Member States were on the poverty borderline in relation to average GDP in their own countries. This was even more true of the accession countries.

The new Member States had greater disparities between urban and rural areas, and the eastern regions were much more disadvantaged that those closer to the Union.

In giving their views on cohesion policy, the new Member States had stressed that any policy based on cohesion had to start from an evaluation of the possibilities for convergence.

Some observers thought the new Member States would take up to 50 years to catch up with the rest of the Union. The measures adopted should therefore aim at accelerating that process.
The new Member States faced major development challenges. Mr Briguglio reminded participants that the present Member States had had access to structural funds to help their development, whereas the new Member States, particularly Cyprus and Malta, had mostly been obliged to manage on their own.

The third cohesion report stressed the need to concentrate on a small number of priorities so as to avoid the dispersal of funds that had been a weakness of the pre-accession aids. The task, therefore, was to identify those structural problems that needed to be resolved as a matter of priority. The measures adopted would require a long-term strategy ensuring a sustainable approach. The administrative potential of the new Member States would also have to be strengthened, since the pre-accession exercise had revealed serious shortcomings in that area.

As for the specific situation of Malta, Mr Briguglio drew attention to the points mentioned in the Malta memorandum: very high population density and the constraints inherent to an island. He emphasised that Malta’s situation was different from that of Cyprus, Greece or Sicily: it was genuinely tiny, peripheral and vulnerable, so its handicaps were that much greater.

In conclusion, he stressed that the structural funds, as provided for in the third cohesion report, would be of capital importance for the new Member States: they would enable them to increase their competitive potential and catch up with the rest of the Union. The new Member States would, of course, have to meet the challenge of managing the structural funding and modernising their administrative apparatus, but they had already learnt a great deal from the pre-accession exercise and would be able to make good use of funds granted under European cohesion policy.

CONCLUSIONS

Sérgio Marques, MEP, Member of the Committee on Regional Policy, Transport and Tourism, drew two basic conclusions from the discussion:

First, the grounds for the European Union’s cohesion policy were both political and economic.

Political, because the European Union could not be viably based on excessive regional deficits and imbalances, which would be aggravated by enlargement. Europe would be a cohesive whole or it would be nothing. In addition, cohesion policy was a decisive factor in getting ordinary citizens to identify with the European ideal and making European citizenship a reality.

Economic, because Europe’s most disadvantaged regions had enormous development potential. Exploiting that potential would benefit not only the regions concerned but the whole of the European Union. The Commission’s proposal on the future of economic and social cohesion policy was a positive approach: it gave tangible form to solidarity by granting some priority to the new
The future of the cohesion policy

Member States while continuing to attend to the cohesion disparities that still existed in the Union of 15.

Another positive aspect was that the proposed cohesion policy was fully in line with the Lisbon strategy of promoting economic growth, full employment, social inclusion and sustainable development on the basis of a knowledge and information society. Competitiveness and cohesion were thus mutually complementary and in proper balance.

The Commission’s proposal was also positive in recognising the specific needs of regions with permanent handicaps, like the outermost regions, islands, mountainous and sparsely populated regions. On this point, however, Mr Marques expressed some disappointment. As Mr Vitorino had explained, there was a significant gap between recognition of the specific problems of all Europe’s regions and the practical responses that the Commission ought to have proposed for the outermost regions in view of their specific problems. Mr Marques accordingly awaited the report on the outermost regions which the Commission had promised to present in March.

Despite this criticism, the third cohesion report was a positive attempt to simplify and decentralise management of the structural funds by making it less bureaucratic and more flexible. It demonstrated a real ambition to make the European Union a cohesive whole. It was very much to be hoped that the Council of Ministers of the European Union would share this vision and this ambition and not be led astray by those who sought to renationalise Europe’s cohesion policy, which would simply make nonsense of it.

Konstantinos Hatzidakis, MEP, the EPP-ED Group’s coordinator on the Committee on Regional Policy, Transport and Tourism, and the European Parliament’s rapporteur on the Third Report on Economic and Social Policy

Konstantinos Hatzidakis, MEP, the EPP-ED Group’s coordinator on the Committee on Regional Policy, Transport and Tourism, and the European Parliament’s rapporteur on the Third Report on Economic and Social Policy

M. Barnier, European Commissioner responsible for Regional Policy; K. Hatzidakis, MEP, the EPP-ED Group’s coordinator on the Committee on Regional Policy, Transport and Tourism, and the European Parliament’s rapporteur on the Third Report on Economic and Social Policy

Despite this criticism, the third cohesion report was a positive attempt to simplify and decentralise management of the structural funds by making it less bureaucratic and more flexible. It demonstrated a real ambition to make the European Union a cohesive whole. It was very much to be hoped that the Council of Ministers of the European Union would share this vision and this ambition and not be led astray by those who sought to renationalise Europe’s cohesion policy, which would simply make nonsense of it.

Each country had its specific problems. The rich countries did not want to pay more; the cohesion countries wanted to receive more; the newcomers thought they would be faced with major obstacles; the outermost regions wanted special help (the Treaty had not forgotten about them); urban populations had their problems, and so did island communities. The report would have to be brief but balanced if it was to gain the widest possible consensus.
Mr Hatzidakis listed a number of points he envisaged including:

- With regard to funding, financial discipline imposed limits on everything to do with regional and cohesion policies. Nevertheless, 0.41% of the Union’s GNP, or 0.46% before any transfer to agricultural and fisheries instruments, would be a perfectly acceptable compromise. That had been the position adopted by the European Parliament in the vote on the Musotto and Mastorakis reports, and that should be its position in his own report.

- Special attention should be paid to the classification of new Objective 1 regions, since this category should include all regions not covered by the convergence objective. In this context, Mr Hatzidakis welcomed the disappearance of intra-regional twinning arrangements.

- The idea of doing away with Leader, Urban and similar initiatives, and incorporating them in overall programmes, was a very positive development. Continuation of Interreg in a modified form was also a good idea, since it was the only EU initiative that generated real European added value.

- Adopting simplification as an aim was also a positive move, but the Commission’s proposal needed careful scrutiny: the underlying principle must be sound management rather than good relations between national bureaucracies and the Commission.
The future of the cohesion policy

Group of the European People’s Party
(Christian Democrats) and European Democrats
in the European Parliament
The future of the cohesion policy