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OPEN LETTER TO EU INSTITUTIONS: MUNICIPALITIES, CITIES AND REGIONS CALL ON THE EU TO SUPPORT LONG-TERM INVESTMENTS

POLIS, CEMR and EURO CITIES CALL ON THE EU INSTITUTIONS FOR MORE FLEXIBILITY FOR LONG-TERM PUBLIC INVESTMENTS AT LOCAL LEVEL.

Resilient municipalities, cities and regions have the capacity to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience. Being long-time supporters of the European Agenda for Growth and Investment, we are convinced that Europe needs to support local and regional governments' investments as the backbone of its social, economic and environmental future.

Member States, the European Commission and the European Parliament acknowledge the urgent need for public investment in our cities, regions and municipalities. The provision of good quality services and infrastructure will trigger private investment, stimulating job creation and growth. Municipalities, cities and regions are now calling for more flexibility in budget and financial rules to boost local investment and to deliver long-term benefits to society.

Long-term investments at the local level support growth and employment in Europe, and should be at the heart of discussions about the future of the **European Monetary Union and the European Fund for Strategic Investments (EFSI)**, as well as the future negotiations on the **Multiannual Financial Framework (MFF) post 2020**.

On 8 March, during the European Parliament event 'Long-term investments: Barriers and opportunities for regional and local authorities', representatives from POLIS, CEMR and EURO CITIES discussed possible solutions to boost investments together with representatives from the European Commission, the European Parliament, the Urban Intergroup and the Long-Term Investment and Reindustrialisation Intergroup.

POLIS, CEMR and EURO CITIES, representing local and regional governments from all over Europe, are now calling on the EU institutions to take the following actions:

- **The European Commission** to include a chapter on regional and local public investments in its reflection paper on the future of the Economic and Monetary Union;
- **The European Parliament** to draft an own-initiative report on the barriers to local public investment to further highlight the current barriers and challenges ahead;
- **The European Council** to discuss how to create some leeway for public investments at local and regional levels within the Stability and Growth Pact;
- **The Committee of the Regions** to further engage in dialogue with EU institutions, as a follow up from its opinion "Bridging the investment gap: the role of the local and regional authorities";
- **Eurostat** to distinguish debt related to long-term investments from functional spending and ensure that strategic investment costs are spread across construction time (depreciation);
- **The European Fund for Strategic Investment** to include tailored financial rules for identified projects within the investment programme.



The political representatives of the three organisations stress these elements to relaunch investments at local level:

Pascal Smet, Minister of Mobility and Public Works of Brussels Capital Region (Polis member):

“Cities and local authorities should be allowed to spread out investments in their accounts like the private sector and in line with the works carried out. The existing accounting rules oblige regions and cities to take up large scale projects in one budgetary year whereas in reality they spread out over several years. Economic recovery and economic growth is central to European, national, regional and local policies.”

Flo Clucas, Cabinet Member, Cheltenham Council (LGA, UK) - CEMR spokesperson on local finances:

“Good, quality investment is the key to real and sustained growth, jobs and services. For towns, cities and regions to be able to grow their economies, their business and employment base, they need to invest. Currently, fiscal rules both by national governments and the EU prevent local governments from investing, as when they borrow, their investments count as national government debt. If we want our economies to grow, that has to change and become more flexible.”

Tanja Wehsely, Chair of the Committee on Financial, Economic and International Affairs of the Vienna City Council – Chair of EURO CITIES economic development forum:

“We are convinced that EU funds and EIB loans must fit our integrated policy approach, and not the other way around. Sustainable long-term public investments are not only good for our citizens, but also for the economy in general”.



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Flo Clucas

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Polis is the leading European network of cities and regions on urban transport innovation. We work together with more than 65 cities and regions across the EU to develop sustainable urban mobility solutions for the city of today and tomorrow. Polis draws its expertise from a network of decision makers, technicians and managers working in transport authorities at local and regional level across the European Union. www.polisnetwork.eu

EUROCITIES is the network of major European cities, with over 135 members, representing more than 130 million people. We work in all areas of interest for cities, from culture to mobility, environment to social affairs, economic development to smart cities. We facilitate learning experiences between cities, and represent cities' interests towards the European Union. www.eurocities.eu

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional governments in Europe. Its members are over 60 national associations of municipalities and regions from 41 European countries. Together these associations represent some 130.000 municipalities, cities and regions. For several years an in-depth work on local public finances has been conducted by CEMR members, and a position paper is available. General website: www.ccre.org/en

CEMR position paper on local finances:
http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR_position_paper_local_finances_final_EN.pdf