



COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS
CONSEIL DES COMMUNES ET REGIONS D'EUROPE

CEMR Response

to the European Commission's
Communication:

Growing Regions,
Growing Europe.
Fourth report on economic and
social cohesion

Brussels, September 2007

Key Points of CEMR's response

1. CEMR welcomes the European Commission's 4th Cohesion Report and shares its findings on the effectiveness and added value of EU regional policy.
2. CEMR highlights that the challenges addressed in the 4th Cohesion Report will affect not only those regions lagging behind but to differing degrees all regions across the European Union.
3. CEMR therefore holds that the future EU cohesion policy should continue to support local and regional authorities across the EU in preparing and adapting in the best possible manner to these challenges.
4. It will be more and more important to invest in sustainable innovation, knowledge and people, to address the growing skills gap and the increasing polarisation of European societies, without losing sight of the continued importance of infrastructure investments in many circumstances.
5. Bearing in mind the limited resources available, priorities have to be defined both thematically and geographically. Further thought is needed on how to allocate resources and on how to organise a support for the non-convergence regions.
6. It is important to place the deliberations on cohesion policy into the broader discussion on the future EU budget, thus also taking into account the territorial impact of sectoral policies and their role in fostering economic, social and territorial cohesion.
7. There is a need for more complementarity between the different structural funds and the rural development instruments. More coordination is also required between the European Social Fund (ESF) and the European Regional Development Fund (ERDF), both of which should be deployed at regional and local level in future.
8. CEMR welcomes the increased recognition that 'Territory Matters' and calls for better coordination between the intergovernmental initiatives (such as the European Territorial Agenda) and the EU policies related to cohesion.
9. Regarding territorial cohesion and urban-rural relations, we believe that regional policy could provide more targeted incentives to foster different models of lasting public-public partnerships. We hold that territorial cooperation is of real added value and should play a more important role in the future cohesion policy.
10. CEMR reiterates the importance of the partnership principle and the multilevel governance model at the heart of the structural funds and reminds national governments of the important benefits of putting this into practice.

Introduction

1. The Council of European Municipalities and Regions (CEMR) welcomes the European Commission's 4th Report on economic and social cohesion and shares its findings on the effectiveness and added value of EU regional policy.
2. In light of the challenges that the EU is facing – from climate change, to globalisation, increased energy prices and emerging demographic imbalances and social unrest – CEMR reaffirms its strong support for an ambitious, pan-European cohesion policy.
3. CEMR believes that the main task for a European cohesion policy should be to help European local and regional authorities prepare and adapt in the best possible manner to the main challenges. This implies a shift from a purely redistributive policy focusing on overcoming disadvantages to a policy of supporting development opportunities and territorial potential across the diversity of the EU's localities. Such a policy addressing the needs and promoting the balanced development of all Europe's regions, towns and cities is a vital component of a positive overall strategy for a successful European Union.
4. To this end, it is important to place the deliberations on the future of cohesion policy into the broader discussion on future EU budget, thus ensuring to also take into account the territorial impact of sectoral policies and their role in fostering economic, social and territorial cohesion. In this light, the CEMR has welcomed and actively engaged in the intergovernmental initiatives on the European Territorial Agenda and the Leipzig Charter on Sustainable European Cities.
5. CEMR welcomes the debate on the EU budget reform, launched by the European Commission on 12 September 2007¹. We note that with a likely increase in the number of net contributors in future, the pressure to cut structural funding beyond the 'convergence regions' will increase. We caution against such a step and believe that an honest analysis is needed on the type of investments that can best strengthen the EU's competitiveness and cohesion, the outcome of which should form the basis of the future budget structure. We stress that it is important to take a decision on the overall budget at a single point in time and to avoid separate agreements on individual expenditure lines.
6. CEMR believes that it is too early to provide comprehensive comments on the future shape of cohesion policy after 2013. This response is therefore only a first reaction, highlighting a number of principles as well as questions that require further attention in the coming years.

¹ See: http://ec.europa.eu/budget/reform/index_en.htm

2. Adapting to new challenges

7. CEMR notes with concern, that despite convergence at national and regional level, large disparities remains. We are also aware of the projections of a decline in the population of working age across the EU from 2011 onwards. We further take note of the overall rising demand for labour with high education and skills levels with a simultaneous reduction in the demand for manual labour. This has significant implications in terms of employment, poverty and economic growth.
8. CEMR highlights that the challenges addressed in the 4th Cohesion Report will affect not only those regions lagging behind but to differing degrees all regions across the European Union. With regard to globalisation and trade liberalisation, for instance, some localities will be more vulnerable than others. The impact of global warming (likely prospects of more floods, droughts, heat waves and forest fires) will vary across the EU. The same holds true for the effects of increasing energy costs or demographic change (both ageing and migration).
9. In this light, the main task for a European cohesion policy should be to help European local and regional authorities prepare and adapt in the best possible manner to these challenges. CEMR believes that in principle, the EU Cohesion Policy is adapted and suitable in responding to these challenges. By leveraging infrastructure investment, productive investment and investment in people, it helps create the framework conditions for sustainable growth. Through its multilevel governance system, it enhances the effectiveness of public administration and fosters innovative partnerships, both locally and across borders.
10. CEMR believes that the future EU cohesion policy should continue to have a convergence objective, a competitive objective and a territorial cooperation objective. Bearing in mind the limited resources available, however, priorities have to be defined both thematically and geographically. Further thought and discussion is needed on how to allocate resources and on the best type of support measures for non-convergence regions, taking into account the lessons learnt during the current funding period (2007-2013).
11. It will be more and more important to invest in sustainable innovation, knowledge and people, and to address the growing skills gap and the increasing polarisation of European societies. In this light, CEMR holds that the 'Lisbon Leitmotiv' is a positive feature of the 2007-2013 programmes and needs to be strengthened, bearing in mind that in many circumstances infrastructure investments continue to be paramount.
12. A better coordination between the European Social Fund and the European Regional Development Fund is needed. Both should in future be deployed at regional and local level, rather than through national programmes.
13. CEMR also sees that more complementarity between the different structural funds and rural development instruments is needed. Rural development should be an integral part of a coherent cohesion

policy, placing economic diversification and quality of life at the core.

14. CEMR notes that territorial cooperation is of real added value and should play a more important role in the future cohesion policy. However, more synergies could be created between the cooperation objective and the mainstream funding programmes, as intended by the European Commission's initiative 'Regions for Economic Change'.

3. Fostering integrated, sustainable development

15. CEMR welcomes the increased recognition that 'Territory Matters', as exemplified inter alia in the adoption of the European Territorial Agenda at the Informal Ministerial Meeting in Leipzig on 24-25 May 2007. We actively follow the implementation process of these two commitments and stress the importance of a closer coordination between these intergovernmental activities, EU policies and bottom-up initiatives such as the Aalborg Commitments.²
16. We need to build on the diversity and territorial specificities of Europe's towns, cities, localities and regions to mobilise our territorial potential. In this context, the CEMR believes that it is particularly important to pay increasing attention to strategies boosting the development potential of those regions having experienced economic decline and outmigration, including for example peripheral rural areas. From our perspective, one prerequisite to this is adequate connectivity and access to public services.
17. We believe that the inclusion of territorial cohesion, both as an objective of the Union (Article I-3) and as a competence, in any future EU Treaty is an indispensable step towards a better territorial coherence of EU policies.
18. CEMR notes positively that the territorial concentration of EU-27 GDP in the traditional economic 'core' of Europe has decreased. We are concerned however, that within member states there is a tendency of economic activities to be concentrated in capital city regions throughout the EU, leading to increasing disparities within regions and potential negative externalities in terms of housing shortages, congestion and pollution.
19. One key challenge will be to strengthen the link between rural and urban areas, building on their respective strengths. We believe that EU regional policy could provide more incentives to foster different models of lasting public-public partnerships, specifically at the urban-rural interface.
20. We welcome the 4th Cohesion Report's recognition of the important role of secondary growth poles to reduce pressure and promote higher overall potential in Europe. They play a vital role both in terms of economic development and as central nodes for the

² See also: CEMR position paper on the European Territorial Agenda and the Leipzig Charter http://www.ccre.org/docs/cemr_response_to_european_territorial_agenda.pdf

provision of public services.³ We hold that a future cohesion policy must continue to recognise the important role of towns and cities. Integrated urban development measures, paying particular attention to disadvantaged neighbourhoods, should continue to be supported through the structural funds.

4. Strengthening the policy management system

21. CEMR would like to see a broader discussion on the link between cohesion policy and the EU's sectoral policies in terms of fostering economic, social and territorial cohesion. As ESPON studies suggest, where the focus is on sectoral policies alone, this can often lead to territorial imbalances. From our perspective, it is important to ensure that more attention is paid to the territorial impact of key policies such as Research and Technological Development, Transport and Energy, Environment, State Aid, the Common Agricultural Policy, and Employment and Social Policy.
22. CEMR recognises the potential and importance of the new financial engineering instruments, in particular JEREMIE and JESSICA. We suggest considering the set-up of an additional instrument that specifically aims to foster economic diversification in rural regions. However, we caution that there is a need to analyse carefully the benefits as well as shortcomings encountered in the current period before deciding on any extension of their use.
23. CEMR welcomes the recognition in the 4th Cohesion Report of the positive correlation between the quality and impact of public investments and the level of decentralisation of responsibility.
24. CEMR congratulates the European Commission on the course they have embarked on with regard to simplifying the procedures and rules relating to the implementation of the structural funds programmes in the current period. We encourage the Commission to continue with this and arrive at a single audit.
25. CEMR reiterates the importance of the partnership principle and the multilevel governance model at the heart of the structural funds and reminds national governments of the benefits of consistently including local and regional authorities in the preparation, implementation and monitoring of the strategies and programmes.
26. Finally, we believe that the benefits of cohesion policy must be communicated more visibly and effectively to the public and we welcome the European Commission's efforts to this effect.⁴

* * * * *

³ See also: 'Territory Matters for competitiveness and cohesion.' ESPON Synthesis Report III. October 2006:
http://www.espon.eu/mmp/online/website/content/publications/98/1229/file_2471/final-synthesis-reportiii_web.pdf

⁴ For CEMR's response to the White Paper on Communication, see:
http://www.ccre.org/docs/cemr_response_white_paper_on_communication.pdf