



Committee of the Regions

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OPINION
of the
Committee of the Regions
on the
FOURTH REPORT ON ECONOMIC AND SOCIAL COHESION

THE COMMITTEE OF THE REGIONS

- notes that although the Union is progressing in reducing disparities, development imbalances persist and Europe faces new challenges (e.g. globalisation, demographic change, climate change, etc.) at regional and local level;
- considers that cohesion policy, because of its horizontal approach, must continue to play a key role in narrowing development gaps and enhancing competitiveness at local and regional level;
- is sure that territorial cohesion will become a stronger feature within cohesion policy, and horizontally in relation to thematic policies, once the Reform Treaty is ratified;
- would like the European Commission to introduce the concept of the leverage effects of cohesion policy in its Fifth Progress Report on Economic, Social and Territorial Cohesion and to present a comprehensive plan for future interactions between EU policies in relation to cohesion policy;
- offers its support to the EU institutions and local and regional players in formulating proposals for the future direction of European cohesion policy.

Rapporteur

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Reference document

Fourth Report on Economic and Social Cohesion
COM(2007) 273 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. considers that the Fourth Report on Economic and Social Cohesion confirms its basic position that European cohesion policy is an essential pillar of the principle of solidarity and key factor in the success of the European integration process;
2. emphasises that, because of its horizontal approach, cohesion policy actively helps to reduce disparities and strengthen equality of opportunities for local and regional authorities in Europe, and urges that this policy should therefore continue to play a key role in narrowing development gaps and enhancing competitiveness at local and regional level;
3. welcomes the fact that in future issues of territorial cohesion will be addressed more often through cohesion policy, and calls for the new procedural options provided for in the future Treaty to be used actively with respect to territorial cohesion;
4. calls on the European Commission to introduce the concept of the leverage effects of cohesion policy in its Fifth Progress Report on Economic, Social and Territorial Cohesion and to present a comprehensive plan for future interactions between EU policies in relation to cohesion policy;
5. offers its collaboration and support in formulating proposals for the future direction of European cohesion policy, as part of moves to secure the broad involvement of local and regional players and based on a comprehensive assessment of progress made.

Detailed Opinion

6. Having regard to the European Commission's obligation under Article 159 of the EU Treaty to submit a report on economic and social cohesion in Europe every three years;
7. Having regard to the central role that cohesion reports have played in the past in the debate on, and development of, cohesion policy;
8. Having regard to the fact that the Fourth Report on Economic and Social Cohesion, presented by the European Commission on 30 May 2007, is a key contribution to the present state of cohesion policy in Europe and the beginning of the debate on the future shape of regional policy;
9. Having regard to the fact that the debate on the future shape of cohesion policy will be closely linked with the submission in September of a European Commission questionnaire on the EU's future financial reform;

10. Having regard to the fact that, it is too early, on the basis of current data, to draw conclusions about cohesion policy after 2013, but the need is rather to structure the debate within the Committee of the Regions and with the other European institutions over the coming years logically in order to create common cooperation and discussion forums and to develop the debate incrementally;

The added value of cohesion policy

11. supports the statement of the European Commission that the added value of European cohesion policy is not only evident in the promotion of growth and employment in lagging regions, but is also reflected positively in many facets of the programming, implementation and participation of local and regional players and in the strengthening of administrative capacity;
12. sees the comprehensive presentation of the added value of European cohesion policy as a key means of continuing to ensure an adequate and efficient cohesion policy at EU level into the future;
13. regrets that the Cohesion Report has not taken account of the comprehensive analyses of the Committee of the Regions and the European Parliament on the leverage effects of cohesion policy. Those contributions introduced a framework for evaluating the various dimensions of the added value of European cohesion policy. The CoR sees in its outlook opinion on the leverage effect of cohesion policy an appropriate schema for a uniform evaluation of the EU added value;
14. therefore, calls on the European institutions to come to an agreement, as the debate continues, on a joint approach to assessing the added value for Europe of cohesion policy;

Economic, social and territorial situation and trends in the Member States

15. regards the comprehensive analysis of economic, social and territorial trends in the Member States as a factor in the evaluation and future development of cohesion policy;

Economic cohesion

16. points out that the former cohesion countries (Spain, Greece, Portugal and, above all, Ireland) have seen remarkable economic development, with Ireland's sustained high growth rates making it now the Member State with the second highest per capita GDP in the European Union;
17. draws attention to the speed at which some of the new EU Member States have caught up, with the three Baltic states doubling their GDP between 1995 and 2005;

18. welcomes the fact that the gap between the richest 20% and poorest 20% of the EU's regions narrowed between 1995 and 2004 from a ratio of 4.1 to 3.4. The Committee of the Regions points out, however, that the regions in question at the bottom of the prosperity ladder were not yet members of the EU in 1995 and that the socio-economic disparities within the European Union described above have grown considerably with EU enlargement;
19. draws attention to the finding that between 1995 and 2005 a total of five regions in the EU-15 registered negative economic growth despite their GDP being above the 75% threshold. During the same period all capital cities of the EU, with the exception of Berlin, increased or at least maintained their share of national GDP;
20. draws attention to the findings of the Cohesion Report that, despite high growth rates in the new Member States, a further period of catching-up of anything up to twenty years will be needed before the threshold of 75% of EU average GDP is passed. Even this timeframe, however, presupposes strong economic growth;
21. shares the Commission's hope that, if growth in the new Member States remains stable, six of the twelve countries may by 2016 have reached the threshold of 75% of EU average per capita GDP;
22. notes the finding of the Cohesion Report that cohesion failures can be put down to differences in productivity rates and employment rates at regional level, and points out that per capita GDP continues to be immensely important as a measure of cohesion failure and a general indicator of prosperity;
23. notes with concern the Cohesion Report's finding that, while there has been progress in convergence between Member States in recent years, gaps in development within the Member States have widened at the same time in future the Committee would like to see any intraregional disparities assessed;
24. highlights the key factors determining regional competitiveness mentioned in the Cohesion Report, which singles out the following as particularly important:
 - a sound macroeconomic framework,
 - efficient and effective public administration,
 - physical and other infrastructure for transport, energy, supply and waste management, IT and so on, as well as social services, and
 - innovation capacity and performance at regional level;
 - environmental protection and living conditions;
25. notes with concern that research and development expenditure in more than 100 regions in Europe is below 1% of GDP, while the report notes that there is a direct correlation between innovation capacity and economic capacity and development;

26. highlights the Cohesion Report's conclusion that regional competitiveness will also depend on investment in human capital to provide a steady supply of skilled workers, and notes in this regard that the skills gap is far greater between regions than between EU Member States;
27. is especially disturbed that lagging regions have 5% fewer young people between the ages of 25 and 34 with a tertiary education than other regions;
28. also points out, however, that many lagging regions have made strenuous efforts to close these gaps. These efforts often prove ineffective for the regions, however, since after completing their education many of these people leave lagging regions. For this reason, cohesion policy must in future also take greater account of population policy and help to forge attractive alternatives to emigration;
29. with reference to the future role of energy policy in relation to cohesion, points to the fact that Europe's very prosperous Member States have the lowest per capita energy consumption. An energy-price increase will therefore primarily affect the weakest Member States and regions;
30. stresses, therefore, the role of promoting renewable energies and energy efficiency through regional policy;

Social cohesion

31. is perturbed by the Cohesion Report's finding that the Lisbon process's 70% employment target for people of working age will not be met for some considerable time;
32. sees an important role for cohesion policy in combating youth unemployment and notes that the report mentions that the 18.6% youth unemployment rate is double the overall jobless rate;
33. emphasises the Cohesion Report's observation that regional differences in EU unemployment rates have declined in recent years, while the gap between the richest 10% and poorest 10% of regions narrowed from 19 to 16 percent between 2000 and 2005;
34. sees the drop in unemployment in lagging regions from an average 13.4% to 12.4% between 2000 and 2005 as a sign of the success of cohesion policy. At the same time, however, the Committee points out that joblessness in 17 lagging regions has risen by more than two percent, while average unemployment in the same period in the more developed regions was just 8%, which means that the gap in average unemployment rates between the two categories of region remains greater than 50%. Combating unemployment in lagging regions thus remains a primary cohesion policy goal;

35. draws attention to the Commission's observations concerning the effect of demographic change on economic and social cohesion, with lower birth-rates severely restricting economic growth in Europe over the long term. The effect will be relatively slight up to 2011, since those born in years with a strong birth-rate will still be economically active; in the period 2012 to 2017, a higher employment rate may offset the fall in the number of young workers, while after 2017 such options will no longer be available. What is needed here, above all, is action on population policy in the Member States. At the same time, however, more attention must be paid to demographic factors in the future development of cohesion policy. More account must thereby be taken of different demographic developments in the regions; the effects of demographic change may be felt much sooner in some regions, making prompt action necessary;
36. notes with concern that, alongside the general trend of lower birth rates, a total of 77 NUTS II regions in Europe also experienced sometimes substantial emigration (above all of young people) in the period 2000 to 2004. The combination of these two effects will constrain those regions' economic and social potential for development even further;
37. points out that in many large cities the trend towards a relative decrease in population is accompanied by increasing population levels in the suburbs. At the same time intra-urban disparities in employment and the proportion of immigrants are growing, which poses a major challenge for cities in terms of their integration capacity;
38. notes that the Cohesion Report's analyses of poverty and cohesion, because they are based on different reference periods and do not provide comparisons with the findings of earlier reports, are somewhat descriptive and fail to give a clear assessment of the cohesion policy factors; calls on the Commission to attend more to these factors in the next progress report on economic and social cohesion;

Territorial cohesion

39. draws attention to the Cohesion Report's assertion that widening gaps in development within the Member States are due first and foremost to the growth of metropolitan regions, and endorses the Commission's observation that Member States need policy approaches which are more focused on narrowing the gap and on promoting growth and employment in order to further develop regional policy;
40. for this reason, welcomes the fact that this Cohesion Report contains a European audit of medium-sized towns and points here to the multiple interactions between towns or cities and their hinterland, e.g. in relation to commuter flows;
41. notes that many of the outermost regions of the European Union continue to lag behind, and takes note of the very diverse and significant challenges described in providing basic services and infrastructure to the Union's mountain regions, sparsely populated areas and islands;

42. highlights the call in many rural areas for emigration to be halted or at least to be made tolerable for the region. In so doing, it is important not to underrate the enormous structural changes that still await new Member States because of their high level of employment in agriculture. There is a risk that these emigration trends will persist in many rural areas of the EU. The European Agricultural Fund for Rural Development should thus play an important role in meeting these challenges;
43. draws attention to the relationship between urban and rural areas and highlights the Cohesion Report's point that integrated development of these areas requires coordinated special planning and strategic management of land use. There can be no doubt that towns also serve as development hubs for rural areas;
44. regrets in this connection that the Cohesion Report fails to mention the work in the Council and in the Committee of the Regions on the Territorial Agenda and the Leipzig Charter on Sustainable European Cities and draws particular attention to the conclusions of the German EU Council presidency on the informal ministerial meeting on urban development and territorial cohesion held in Leipzig on 24 and 25 May 2007;
45. calls on the European Commission to involve the Committee of the Regions at an early stage in preparing the reports requested in the Leipzig conclusions (the strategy report due by 1 April 2010 with an analysis of how the special consideration given to the urban and territorial dimension in the Structural Funds programmes has facilitated integrated urban development and territorial cohesion, and the report due by 2008 on territorial cohesion as a contribution to the debate on finding synergies between the priorities of the Territorial Agenda and the Leipzig Charter on Sustainable European Cities);
46. supports both the current debate in the European Parliament on the substance of territorial cohesion and appropriate indicators, and the Council's request to the Slovenian presidency that the Territorial Agenda and the Leipzig Charter should be taken into account when preparing the European Council in spring 2008;

Impact of cohesion policy

47. points to the Cohesion Report's observation that in the period 2000 to 2006 the Structural Funds were mainly deployed for infrastructure, productive investments and investment in people, while Cohesion Fund resources were used in equal parts for environmental measures and transport infrastructure;
48. highlights the Cohesion Report's calculations, using the HERMIN model, which show that during the programming period absolute GDP in most of the new Member States has been up to 2.8% higher and around 570 000 more jobs have been created than would have been the case without cohesion policy. By 2015 – including the 2007-2013 programming period –

increases in GDP of up to 9.3% and two million new jobs are expected; the CoR sees this as a good basis for evaluating the impact of cohesion policy;

49. draws attention to the calculations based on EcoMod, according to which by 2020 GDP in Slovakia, Lithuania, Latvia and Bulgaria will be 15% higher than today;
50. highlights the Cohesion Report's observation that a total of 450 000 new jobs were created in Objective 2 areas in France, Germany, the Netherlands, Spain, Sweden and the UK in the 2000-2006 programming period;
51. welcomes the findings of the Cohesion Report that there have been major improvements in the thematic target areas. In relation to traffic infrastructure, for example, motorway density in Spain and Portugal increased by almost 48% and 200% respectively in the period 1995 to 2004;
52. stresses the fact that, on the environmental infrastructure front, the Cohesion Fund brought about a 37% increase in public expenditure in recipient countries between 1993 and 2002;
53. for this reason shares the Cohesion Report's assessment that expenditure to build up environmental infrastructure (especially supply and waste management) will continue to be of particular importance in the new Member States in the future;
54. highlights the special role of cohesion policy in promoting research and development in the regions. The Structural Funds were responsible for between 5% (Spain) and 18% (Lithuania) of research and development expenditure in the countries concerned;
55. finds the report's comments on the specific impact of cohesion policy on small and medium-sized enterprises inadequate and calls on the Commission to explore the effects of structural policy on SMEs in more detail in the next progress report;
56. stresses the role of cohesion policy in the development of human resources. Thus in the last programming period, around EUR 69 billion was spent on improving access to the labour market for women (6%), promoting workforce flexibility (22%), measures for lifelong learning (23%), equality and social integration (18%), and active labour market policies (30%). According to the Cohesion Report, this produced a 5% increase in labour productivity;
57. is generally in favour of the measures for rural areas, which received EUR 14 billion under the Guidance section of the EAGGF during the last programming period. At the same time, the Committee points out that regional policy and agricultural policy instruments for rural areas must be better coordinated in future, especially with a view to achieving the Lisbon objectives. This is one of the greatest challenges of the current programming period particularly now that the instrument for rural areas is no longer enshrined in regional policy;

58. highlights the beneficial role of the INTERREG programme, through which a total of EUR 5.8 billion was deployed in the 2000-2006 programming period for cross-border, transnational and interregional cooperation. It is precisely in terms of cooperation at borders and the exchange of experience across Europe that these programmes have an inalienable role in actively contributing to the convergence of Europe's regions;
59. also welcomes the URBAN II measures, which in the last programming period provided support to 70 towns and 2.2 million inhabitants to help them meet social and economic challenges in urban areas. However, further action is also required to improve the effectiveness of urban policy measures within cohesion policy that are intended to promote growth and employment under the operational programmes;
60. also highlights the role of EQUAL, which over the last seven years has delivered a total of EUR 3.27 billion to around 3 000 projects in the Member States, promoting exchanges of experience on implementing the European employment strategy;
61. also commends the work of the European Investment Bank, which devoted around 71% of its resources to regional policy projects in the 2000-2006 programming period;
62. points out that the combined effects of the 2000-2006 programming period will only be measurable in 2008 with the completion of payments from this period, and therefore requests the Commission to make an assessment of the 2000-2006 programming period a key feature of the next Cohesion Report;

Effect of national policies on economic and social cohesion

63. notes that the efforts of Member States to achieve economic and social cohesion are taking place against a backdrop of general budget consolidation and national reform drives to meet the modified Lisbon objectives;
64. notes, with this in mind, that in many Member States, with the exception of the cohesion countries, public investment was cut from 2.9% of GDP in 1993 to 2.4% in 2005. In contrast, public investment in the countries that joined in 2004 has risen sharply and is currently around 50% higher than in the other Member States;
65. notes that in the new Member States increased expenditure and budget consolidation measures have taken place simultaneously;
66. highlights the prevailing trend, in which – despite the difficult situation of national budgets as a result of restructuring – resources for economic and social cohesion in the form of investment in business have fallen only slightly or have even risen;

67. regrets that the analysis of national budgets pays insufficient attention to the particular situations in certain countries, e.g. the need for public expenditure consolidation in the wake of German unification;
68. welcomes the overall trend in many Member States to take more account of local and regional authorities as providers of public investment – above all, as noted in the Cohesion Report, in Denmark, Spain, Italy, Portugal, the UK and Finland, where local and regional authorities' share in public investments rose by as much as 10% in the period 1995 to 2004;
69. notes that, in the new Member States, with the exception of Poland, the Czech Republic and Latvia, local and regional authorities are responsible for far less than 50% of public investment expenditure;
70. highlights the correlation mentioned in the Cohesion Report between the take-up rate and the quality of investment projects on the one hand and the degree of devolution on the other, in so far as efficient administrations in place at the devolved level;
71. notes with satisfaction the Cohesion Report's statements on the linkage between high levels of transfer from the Structural Funds and development of economic stability in the new Member States. This made it possible to achieve high growth and a consolidation of public finances in those countries. This demonstrates very clearly the results of the European policy mix of fiscal policy stability in relation to the euro and Structural Fund measures in relation to growth and cohesion. This combination has also kept exchange rates against the euro relatively stable in recent years;

Effect of Community policies on economic and social cohesion

72. emphasises, regarding European research and innovation policy, that the programmes are predominantly geared to promoting Europe's international competitiveness. Resources for this are therefore allocated through EU-wide calls for tender;
73. notes that only 18% of participants in the 6th Research Framework Programme came from lagging regions; supports the Cohesion Report's view that European research funding and cohesion policy pursue complementary goals in seeking to improve research and development in Europe; and at the same time welcomes the fact that initiatives such as the 7th Research Programme's KnowReg2 bolster the regional dimension in European research funding;
74. emphasises that the Competitiveness and Innovation Framework Programme (CIP) could usefully complement cohesion policy measures aimed for instance at promoting SMEs or renewable forms of energy;

75. emphasises, with regard to the European competition policy, the Cohesion Report's finding that state aid for lagging regions under Article 87(3)(a) of the EC Treaty fell from EUR 19 billion in 2003 to EUR 11 billion in 2005;
76. points out that, while aid under Article 87(3)(a) of the EC Treaty fell, state aid in the cohesion countries was increasingly steered towards Lisbon and Gothenburg objectives (environment, regional aid, SMEs, employment, education and research). More than half of the Member States have focused their aid on these horizontal goals;
77. notes that, notwithstanding EU enlargement, in the new programming period, only 34% of the population live in lagging regions as defined by Article 87(3)(a) of the EC Treaty;
78. takes note of the Cohesion Report's findings that the market organisations of the Common Agricultural Policy predominantly favour stronger regions with larger production units; emphasises, therefore, the need for rural development instruments in the current programming period to be used mainly in convergence regions; and welcomes the possibility of increasing the use of funding for rural development in the current programming period through modulation;
79. points to the need to impose a binding obligation, especially in countries with high employment in agriculture, to achieve both a transition to a competitive agricultural economy and diversification of economic activities in rural areas over the next few years;
80. emphasises the Cohesion Report's comment that, in terms of the EU budget, cohesion policy has played a cardinal role in building up the European Union to give all of its citizens equal access to the European single market;
81. notes, in respect of European budget policy, that cohesion policy at present accounts for around one third of EU expenditure and will reach approximately EUR 54.2 billion in 2013 and points out that cohesion policy's share, measured in terms of the Union's GDP, will fall in 2013 to around 0.35% compared with almost 0.4% in 2004;
82. emphasises that, as a result of EU enlargement, at the end of the current programming period around 85% of cohesion resources will go to lagging regions, compared with 56% in 1989. The new Member States look set to receive 52% of total cohesion resources despite making up only 21% of the population;
83. regrets that the relevant section of the Cohesion Report still offers no comprehensive proposal on strengthening the interaction between cohesion policy and the other Community policies, and calls on the Commission to redress this in a future progress report in the context of the intended reform of the EU's financial system;

84. emphasises the need for dialogue between all the parties involved on how to examine and take into account the potential effects of European legislation on sustainable urban and regional development, and how to improve the coordination of EU policies and initiatives that affect local and regional authorities within the framework of existing procedures (e.g. impact assessments), and calls on the European Commission to involve the Committee in these processes at an early stage;

Cohesion policy reform 2007-2013

85. takes note of the statement in the Cohesion Report that cohesion policy reform for the period 2007-2013 is intended to maintain established principles relating to programming, partnership, co-financing and evaluation, and to introduce changes, such as a stronger strategic approach, further decentralisation, better performance and less red tape;
86. draws attention to the close link between cohesion policy and the Lisbon strategy, which have led to programmes being more strongly geared to growth and employment during the programming process. However, this can only work if there are close contacts in the Member States between the bodies responsible for cohesion and structural policy and those responsible for drawing up the national reform programmes;
87. points out, in connection with using the Structural Funds to achieve the Lisbon goals ("earmarking"), that some 64% of convergence funding and over 80% of funding to improve competitiveness are spent on these objectives, and so contribute to achieving the targets that have been jointly set. This has mobilised investment for growth and employment to the tune of EUR 210 billion;
88. notes, with respect to gearing cohesion policy to the Lisbon objectives, that strengthening economic and social cohesion is a distinct goal of the European Union. Thus it is important not to give the impression that the sole purpose of cohesion policy is to implement the Lisbon objectives;
89. commends the European Commission's efforts to improve transparency and legal clarity by introducing a single regulation on the Funds to replace the existing ten regulations. The same goes for incorporating the Cohesion Fund into the general regulation on the Funds;
90. observes that a full evaluation of the impact of the reforms on programming and implementation of the Structural Funds cannot be carried out until after the operational programmes have been approved and launched, and calls on the European Commission to provide such an evaluation in one of its next reports;
91. calls for the urban dimension to be dealt with in a separate chapter in the Fifth Cohesion Report, given the key importance of European cities for achieving the goals of the Lisbon and Gothenburg strategies and for social integration, for instance of migrants;

New challenges

92. believes that the Fourth Report on Economic and Social Cohesion prefaces the debate on the future shape of cohesion policy for the period after 2013; considers that this will require a comprehensive analysis of future challenges for cohesion policy; and sees the points laid out in the Communication on the Fourth Cohesion Report as a first step in that direction. At the same time, it notes that the challenges recognised by the report are also areas for action under EU policies other than cohesion policy;
93. draws attention to the necessary pressure for restructuring and modernisation in the Member States, above all at local and regional level, in the context of globalisation and enlargement; draws attention to the Cohesion Report's point that the effects of globalisation on economic sectors and regions will vary; and is aware that this need to adapt will affect not only the lagging regions, but also other regions of the EU. During such processes, one should also bear in mind the cultural heritage of the regions;
94. notes, however, that a key challenge of cohesion policy is to support adjustment to economic change by promoting technological development and training, so as to take advantage of the opportunities provided by globalisation;
95. notes that climate change will also affect European regions in different ways: for example flood protection and changing climate conditions will necessitate new restructuring and adjustment measures for agriculture. At the same time, however, the development of renewable energy sources will also provide new opportunities for growth and employment, and new global markets;
96. agrees with the view expressed in the Cohesion Report that rising energy prices will affect in particular those regions whose energy efficiency is low and which have economic sectors with high energy consumption. This development also poses a challenge for peripheral outermost, island, mountain and isolated regions of the EU to maintain their own growth potential despite higher transport costs;
97. draws attention to the point made in the Cohesion Report that demographic change may gradually become a major obstacle to growth and development for many regions in the European Union;
98. sees regional initiatives to improve the general level of education and reduce school drop-out rates as an important basis for mitigating the consequences of an ageing population by increasing productivity and value added;

The future of cohesion policy

99. notes that the debate on the future shape of cohesion policy in the next few years will take place in parallel with the discussion about reforming the EU budget. Options on this are to be formulated over the coming year, and existing EU policies will be assessed. At the same time, the European Commission will provide a further contribution to the debate in the Fifth Progress Report on Economic and Social Cohesion;
100. sees the questions that the European Commission has raised in the Communication on the Cohesion Report as an initial contribution to the future debate, and wishes to make the following points as a preliminary response to the questions;

To what extent is cohesion policy adapted to the challenges European regions will face in the coming years?

101. notes that European regions will only be able to meet future challenges if there is a balance between EU-wide strategic guidelines and the flexibility required for investing resources at regional level;
102. sees a need for efforts to develop specific forward-looking strategies in the regions in order to identify future challenges at an early stage and to determine the situation of individual regions in Europe by comparing regions across the EU. It is necessary here to consider whether and to what extent new indicators are needed to assess cohesion policy;
103. underlines that it is necessary to mobilise greater exchange of ideas and cooperation on new approaches and models for regional policies between researchers, national research institutes and regional studies associations to seek more effective ways of disseminating ideas and their practical application in the design, implementation and evaluation of policies, and proposes that the European Commission should provide an adequate mechanism that supports cooperation, networking and dissemination in this field;

What response can regional policy provide to globalisation?

104. sees globalisation as a further stage in the process of structural change that presents both opportunities and risks for regions and municipalities in Europe;
105. Regional policy makes it possible to take a suitable approach to a number of the economic and social consequences of globalisation because it applies multisectoral and grassroots solutions;
106. welcomes the fact that this Cohesion Report takes a closer look at regional policy in other countries, especially the United States, Russia and China; this is an important contribution to

producing global comparisons and to sharing information about regional development strategies;

- 107. calls on the Commission to continue gathering more information on the regional and sectoral impact of globalisation, in order to provide local and regional authorities with key data on globalisation trends and challenges at regional level;
- 108. sees a forward-looking regional policy based on strengthening supply factors as a crucial means of maintaining into the future the level of development that has already been achieved in the worldwide competition for markets and between businesses;
- 109. stresses the need to accept globalisation as an irreversible process and to work out development strategies suitable for the regions based on innovation and performance;

What role can cohesion policy play in relation to climate change?

- 110. regards climate change as a major global challenge that can be met only on the basis of an integrated, internationally agreed plan with many packages of measures;
- 111. sees the role of cohesion policy as mainly to make progress in reducing CO₂ emissions, improving energy efficiency and using renewable energy sources, especially in lagging regions. Such regions will benefit from the fact that new markets and companies are already active in this area;
- 112. also points to the limits of cohesion policy, which for instance cannot compensate for the results of inappropriate distribution policy or potential distortions of competition in emissions trading;

How can measures to improve growth and employment be further developed in cohesion policy?

- 113. believes that cohesion policy must continue to be governed by the principle of solidarity and focus on growth and jobs in the future. In order to improve its effectiveness, the Committee of the Regions has set up a Lisbon Monitoring Platform which enables local and regional authorities to work in partnership and share good practice in this area;
- 114. therefore thinks it is necessary to clarify what role should be played by future funding instruments to achieve these goals, for instance with respect to non-recoverable subsidies versus revolving funds;
- 115. suggests that future cohesion policy must take into account the fact that growth and jobs can be achieved both by enhancing existing strengths in Europe and by helping the weakest and most ailing regions to catch up. Analysing the problems involved will provide an answer to

the question of the extent to which cohesion policy instruments must be targeted at the various types of objective areas;

- 116. calls on the Commission not just to relate the issue of growth and jobs to cohesion policy, but also to ask how other EU policies can as a whole be used to achieve this overarching objective;
- 117. points in this connection to the reform of the internal market strategy, which will take place in parallel with the debate about the future direction of cohesion policy;

What role should be played in the future by local and regional authorities in cohesion policy with a view to meeting the challenges?

- 118. is encouraged by the point made in the Cohesion Report that effectively including local and regional players has led to better governance and made structural support more efficient;
- 119. consequently calls for local and regional authorities to be involved to an even greater extent in planning and implementing cohesion policy;

How should cohesion policy remits be divided in future between the European, national and regional levels?

- 120. considers that the debate on future remits in relation to cohesion policy depends very much on the future instruments and goals of cohesion policy; and, in this connection, draws attention to the difficult negotiations on these questions in the debate about the 2007-2013 financial perspective;
- 121. proposes that the Commission should draw up a comprehensive assessment of current remits in cohesion policy, which would include experience with the current management system, the midterm review and the length of the programming period;
- 122. calls for an appropriate balance to be struck between top-down instructions from the EU and the necessary flexible bottom-up approach to selecting and applying instruments;

How can cohesion policy support national efforts more effectively than hitherto?

- 123. believes that an important prerequisite for improving EU support for efforts at national level is a shared understanding of the purpose and objectives of cohesion policy;
- 124. therefore asks the Commission to discuss with the Member States the shared goals of national and European regional development instruments and to make those goals even more consistent with each other and with the local situations of regional and municipal authorities, while respecting the principles of subsidiarity and proportionality. This debate must also

cover the question of the future structure, number and tasks of the European structural policy instruments;

125. emphasises the need also to pursue cohesion policy outside the weakest and most ailing regions, and wonders how measures taken in these regions can be made more effective;

How can the relationship between cohesion policy and other national European policies be strengthened?

126. sees a strong need for action to place more emphasis on the complementarity between European cohesion policy and other EU policies, and considers the statements made in the relevant section of the Cohesion Report to be inadequate;

127. sees this as an important way, in the run-up to the debate about future allocation of the EU budget, of developing an effective solution which places cohesion policy goals and other EU goals in the right context;

128. also emphasises the need to initiate dialogue with the Member States at an early stage concerning which instruments are used at national level and how they can be combined with future EU instruments;

What new opportunities for cooperation are available to the regions within and outside the EU?

129. considers promoting cooperation between regions within the European Union to be an important means of comparing notes on the efficiency of funding use, future issues and implementation procedures, and the performance of each region and points out that the Commission's "Regions for economic change" initiative, whose purpose is to promote economic modernisation and improved competitiveness, could be an important means of developing and publicising the experience and good practice of more advanced regions;

130. considers the possible inclusion of local and regional authorities in the recently agreed structured dialogue with China and Russia to be a good way of exploring new approaches in regional policy, allowing those countries to learn from existing experience and so helping to anchor their regional development;

131. regards the Committee of the Regions as an important medium for promoting dialogue among Europe's regions on the future shape of cohesion policy and finding new forms of cooperation at crossborder, transnational and interregional level, especially with a view to using the new legal instrument for territorial cooperation;

Contribution of the Committee of the Regions to the future debate on cohesion policy

132. believes that to some extent these questions can only be resolved in close consultation with those concerned and the European institutions, and thus sees this first opinion as just the beginning of a longer-term debate;
133. notes, however, that the future principles of cohesion policy with respect to focus, partnership, multi-annual programming and governance must be thoroughly discussed, in addition to the above-mentioned issues, and will therefore be setting up a working group within the Commission for Territorial Cohesion Policy, which will serve as an interlocutor for the other institutions and as a forum for further debate on the future of cohesion policy;
134. calls on the European Parliament in particular to collaborate with the Committee of the Regions in seeking possible answers to the questions raised above, so as to contribute to the coming debate about European cohesion policy and thus EU policies in general;
135. therefore proposes that there should be closer cooperation, on the basis of the appropriate agreement, between the European Parliament's Committee on Regional Development and the Commission for Territorial Cohesion Policy of the Committee of the Regions, in order to discuss the future challenges of cohesion policy over the next few years and serve as a forum for talks with the European Commission. This could for instance take place through a joint working group;

Brussels, 28 November 2007.

The President
of the
Committee of the Regions

Michel Delebarre

The Secretary-General
of the
Committee of the Regions

Gerhard Stahl

II. PROCEDURE

Title:	Fourth Report on Economic and Social Cohesion
Reference document(s)	COM(2007) 273 final
Legal basis	Optional referral, Article 265(1)
Procedural basis	
European Commission letter	30 May 2007
Date of Bureau/President's decision	
Commission responsible	Commission for Territorial Cohesion Policy
Rapporteur	Dr Michael Schneider (DE/EPP) State Minister for Federal and European Affairs, representative of Saxony-Anhalt to the German Federal Government
Discussed in commission	14.9.2007
Date adopted by commission	14.9.2007
Result of the vote in commission	Unanimously adopted
Date adopted in plenary	28.11.2007
Previous Committee opinions	<p>Opinion of 26 July 2005 on the <i>Revision of the guidelines for regional state aids</i> (CdR 77/2005);</p> <p>Opinion of 16 November 2005 on the <i>Communication from the Commission – Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013</i> (CdR 140/2005);</p> <p>Opinion of 16 November 2005 on the <i>Communication from the Commission – Third progress report on cohesion: Towards a new partnership for growth, jobs and cohesion</i> (CdR 141/2005);</p> <p><u>Opinion of 26 April 2006 on Cohesion policy and cities: the urban contribution to growth and jobs in the regions</u> (CdR 38/2006);</p> <p>Opinion of 11 December 2006 on the <i>Communication from the Commission – The Growth and Jobs Strategy and the Reform of European cohesion policy – Fourth progress report on cohesion</i> (CdR 249/2006);</p> <p>Opinion of 23 March 2007 on the <i>Leverage effect of the Structural funds</i> (CdR 118/2006).</p>