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NOAM

28 May 1998 A4-0210/98

REPORT

on Agenda 2000, Part 1, Chapter II: Economic and Social Cohesion
(COM(97)2000 - C4-0523/97)

Committee on Regional Policy

Rapporteur: Mrs Elisabeth Schroedter

DOC_EN\RR\354\354748 PE 225.091/fin.

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By letter of 16 July 1997 the Commission forwarded to Parliament its communication 'Agenda 2000 - for a stronger and wider Union' (COM(97)2000 - C4-0523/97).

At the sitting of 22 October 1997 the President of Parliament announced that he had referred the communication, in particular Part 1, Chapter II: Economic and Social Cohesion, to the Committee on Regional Policy as the committee responsible and to the Committee on Foreign Affairs, Security and Defence Policy, the Committee on Budgets, the Committee on Employment and Social Affairs and the Committee on Budgetary Control for their opinions. At the sitting of 19 November 1997 the communication was also referred to the Committee on Fisheries for its opinion.

The Committee on Regional Policy appointed Mrs Elisabeth Schroedter rapporteur at its meeting of 25 November 1997.

It considered the draft report at its meetings of 4 February, 18 March and 25 May 1998.

At the last meeting it adopted the motion for a resolution unopposed, with 1 abstention.

The following took part in the vote: Arias Cañete, chairman; Howitt and Napoletano, vice-chairmen; Schroedter, rapporteur; Berend, Botz, Chichester (for Viola), Colino Salamanca (for Frutos Gama) Crampton, David (for Hume), Eisma (for Vallvé), Ephremidis, Girão Pereira, Izquierdo Collado, Karamanou, Kellett-Bowman, Klab, McCarthy, Myller, Otila, Querbes (for Gutiérrez Díaz), Rack (for Hatzidakis), Raschhofer, Rynänen (for Monfils), Schiedermeier (for Costa Neves), Schröder, Ullmann, Varela and Walter.

The opinions of the Committee on Budgets, the Committee on Employment and Social Affairs and the Committee on Fisheries are attached. The Committee on Foreign Affairs, Security and Defence Policy and the Committee on Budgetary Control decided not to deliver opinions.

The report was tabled on 28 May 1998.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

A
MOTION FOR A RESOLUTION

**Resolution on Agenda 2000, Part 1, Chapter II: Economic and Social Cohesion
(COM(97)2000 - C4-0523/97)**

The European Parliament,

- having regard to the Commission Communication 'Agenda 2000 - for a stronger and wider Union' (COM(97)2000 - C4-0523/97),
- having regard to the EC Treaty, and in particular Article 130a thereof on economic and social cohesion,
- having regard to the EC Treaty, and in particular Article 2 thereof on the tasks of the Community,
- having regard to the EC Treaty, and in particular Article 130d thereof on the coordination of the Structural Funds,
- having regard to its resolutions of 4 December 1997() on the Commission Communication 'Agenda 2000 - for a stronger and wider Union' concerning a strategy for enlargement and its impact on EU
- having regard to the Commission's annual reports on the Cohesion Fund and the Structural Funds and its resolutions thereon,
- having regard to the first triennial report on economic and social cohesion (COM(96)0542), and its resolution thereon of 19 November 1997(),
- having regard to the Commission's White Paper on growth, competitiveness and employment (the Delors report), and in particular Chapter 10 thereof on sustainable development,
- having regard to its resolution of 21 November 1997() on the future of the European Social Fund,
- having regard to its resolution of 5 September 1996() on the communication from the Commission on a European strategy for encouraging local development and employment initiatives,

() on the Commission Communication 'Agenda 2000 - for a stronger and wider Union' concerning a strategy for enlargement and its impact on EU policies and the 2000-2006 financial framework for the Union and the) OJ C 388, 22.12.1997, p. 17 and p. 31.

(^b) OJ C 371, 8.12.1997, p. 89.

() on the future of the European Social Fund,) OJ C 371, 8.12.1997, p. 251.

() on the communication from the Commission on a European strategy for encouraging local development and employment initiatives,)

OJ C 277, 23.9.1996, p. 45

- having regard to the results of the employment summit of the European Council in Luxembourg in November 1977,
- having regard to the report of the Committee on Regional Policy and the opinions of the Committee on Budgets, the Committee on Employment and Social Affairs and the Committee on Fisheries (A4-0210/97),
- A. aware that the Structural and Cohesion Funds are the central instruments of economic and social cohesion in the European Union and that they serve the common objective of promoting the harmonious development of the Community as a whole by reducing the disparities in the levels of development of the various regions and the underdevelopment of the most disadvantaged regions, including rural areas, and making a key contribution to the fight against unemployment and social exclusion,
- B. whereas the Treaty attaches paramount importance to structural policy, which is intended to improve the competitiveness of the most disadvantaged regions, as determined by their level of GDP,
- C. whereas in the Internal Market growth in economic activities may be concentrated on the centres of gravity, to the detriment of disadvantaged regions and the natural environment, but whereas even in those centres whole sectors of society do not share in the advantages but are increasingly being forced into poverty, and whereas, accordingly, the advantages of integration do not benefit all regions and all people in Europe equally,
- D. whereas the idea of a 'Citizens' Europe' applies independently of regional location or social standing and whereas it is a shared political task of all the Member States to grant everyone comparable opportunities without, at the same time, the risk of generations to come being unable to satisfy their needs,
- E. having regard to the great challenge facing economic and social cohesion if the EU is enlarged to include several Central and Eastern European states and Cyprus, since these are countries with regions which are lagging way behind the Fifteen in terms of development, together with the efforts which the Fifteen have to make in the third stage of Monetary Union,
- F. aware of the need for a revision of the current Structural Funds in view of the expiry of the Edinburgh agreements and with the aim of reducing regional and national imbalances, enhancing their effectiveness in fostering sustainable development, in order to enable jobs to be created, and keeping administrative expenditure at a reasonable level,
- G. aware that the Commission has proposed a reduction in the Structural Fund Objectives from six (or rather seven, with the split of 5a and 5b) to three, and whereas it envisages with this greater concentration a reduction in the percentage of people eligible for aid; would regard it as regrettable, however, in view of the progress made in agricultural reform should there be no separate support objective for rural areas,

- H. whereas according to the Commission proposals Objective 1 is to continue to cover underdeveloped regions with a per capita GDP, expressed as purchasing power parities, less than 75% of the Community average, but also all current Objective 6 regions and the ultraperipheral areas,
- I. whereas the new Objective 2 is rather complex, since it includes not only areas undergoing economic change but also rural areas in recession and areas dependent on fisheries together with urban areas with severe social problems, and whereas, according to the Commission proposals, Member States will have the flexibility to determine, on the basis of national and local criteria, a percentage of Objective 2 areas within their population thresholds,
- J. whereas the Commission proposes to make Objective 3 a horizontal support instrument to be used, in accordance with the long-term employment plans and the new employment chapter in the Treaty of Amsterdam, in the fight against unemployment; points out that in its resolution of 21 November 1997() on the future of the European Social Fund it has set the priority as lifelong learning and would like a continuation of the preventive adjustment
- K. concerned that in the absence of a Community initiative programme for SMEs intervention Objective 3 will lose an important instrument for creating sustainable jobs,
- L. noting that the Commission is proposing the retention of the Cohesion Fund in its current form, and advocating the retention of a Cohesion Fund,
- M. concerned as to whether the Commission's optimistic forecast of economic growth rates in the EU represents a sound basis for a credible enlargement process in which the CEECs will have to adapt speedily to Community policies, in particular to avoid ecological and social dumping,
- N. whereas assistance for structural measures in the applicant countries should be designed in such a way as to speed up the development of the economies of these countries as far as possible, and expressing the hope that future structural interventions in the CEECs will support local and regional development in addition to the SME sector and employment measures,
1. Takes the view that the European Union's philosophy of integration is credible only if it continues to make economic and social cohesion a political priority;
 2. Welcomes in principle the Commission's plans to reform the Structural Funds on the lines of concentration, simplification and efficiency; stresses once again, however, the democratic nature of the Structural Funds which is expressed in the dual principle of participation: by the Member States, on the one hand, and by local and regional authorities and the social partners, on the other;

() on the future of the European Social Fund it has set the priority as lifelong learning and would like a continuation of the preventive adjustment of human resources to economic change and a modernization of training) OJ C 371, 8.12.1997, p. 251.

3. Calls on the Commission to incorporate in the new Structural Funds the objectives of the Treaty - sustainable development, a high level of employment achieved by paying particular attention to SMEs, innovation and the exploitation of new technologies, an appropriate level of social protection, the combating of social exclusion, a better quality of life, an improved environment and equality for men and women - to ensure a European added value when responsibilities are shifted, as planned, to the Member States, albeit without disregarding or prejudicing the essential objective of the policy of economic and social cohesion laid down in Article 130a of the Treaty;
4. Considers it of fundamental importance to continue giving priority to strengthening Objective 1 regions on the basis of the criterion of a per capita GDP lower than 75% of the Community average and believes that roughly two-thirds of all Structural Fund resources should be allocated to these regions;
5. Welcomes the Commission's proposal to allow all regions of the Union which will no longer be eligible for Objectives 1, 2 and 5b a period of phasing-out tailored to their requirements, and expects that under the new partnership arrangements a new standard of decision-making and results can be achieved;
6. Welcomes the ideas of providing guarantee funding for rural development as part of the agricultural reform, but does not accept that its responsibility for helping to shape the programme and for evaluation should be massively reduced as a result and that partnership with the local and regional authorities and the social partners will no longer be assured;
7. Proposes the splitting of Objective 2 into two sub-categories - industrial/urban and rural and fisheries - with their own specific eligibility criteria, objectives and financial quotas to ensure specific and guaranteed support for the rural environment, without jeopardizing the need to strike a balance between town and country, on the one hand, and the democratic quality of structural policy, on the other; regards the new definition of Objective 2 proposed by the Commission as unsatisfactory and draws attention to the risk of imbalances in financing between industrial and rural areas;
8. Calls on the Commission to focus Objective 3 on support for local development and employment initiatives, too, and at the same time to support the job-creation side of this policy with accompanying activities;
9. Expects from the Commission that, precisely because the Community initiatives have been reduced, it will pay attention to ensuring that resources are allocated in particular to projects with a European added value, always in the context of the need to strengthen economic and social cohesion, and that, in terms of cooperation with third countries, it will examine whether the financing procedures can be facilitated through the creation of joint funds;
10. Resolutely rejects moves by the Commission (Directorate-General I) to use Phare-CBC funds which were previously earmarked for cooperation with Interreg for measures at borders between CEECs as well;
11. Welcomes the inclusion of the urban matters in the new Objective 2 proposed by the Commission, but takes the view that urban problems cannot be dealt with solely under

this objective and that action is also required under the new Objective 1 of the Structural Funds;

12. Believes that the future development of a successful structural policy aimed at improving the instruments for economic and social cohesion on the basis of sustainable regional development depends on an increase in the structural funding available for innovative measures under a future model fund, with management rules revised accordingly;
13. Shares the Commission's objective of enhancing the effectiveness and profitability of the Structural Funds, while expressing doubt as to the viability of the 10% reserve system;
14. Hopes that the use of EIB and EIF loans is not intended to replace Structural Fund subsidies;
15. Hopes that the Commission is not intending to make 'savings' which undermine the principle of economic and social cohesion by penalizing the failure to disburse appropriations through a decision not to reincorporate those appropriations into the budget in the context of multiannual programming;
16. Proposes that the Structural Fund regulations, which will probably not be finally adopted before the end of 1998, should be preceded by arrangements which chiefly ensure the prompt participation of the regional and local partners and the social partners and guaranteeing their involvement in establishing the programmes, with a view to eradicating the delays of previous programming phases;
17. Calls on the Commission to provide indicators to safeguard cost-revenue control and compliance with common political principles in drawing up and implementing the programmes;
18. Stresses the importance of committees not only for balanced monitoring, but also for revision and adaptation, and expects the composition of the monitoring committees to reflect the new requirements of EU regional policy and steps to be taken to safeguard the Union's authority and decision-making powers; is of the opinion that the participation of the social partners should be organized in such a way as to ensure that it is fully representative;
19. Considers it appropriate that, where the pre-accession strategy and the transitional period following accession are concerned, provision should be made for a specific and permanent financial instrument under the Structural Funds designed to ensure gradual and optimum integration of the applicant countries, with funding appropriate to the absorption capacity;
20. Calls, in respect of the fisheries sector, on the Commission to recognize the particular needs of fisheries areas in the context of promoting economic and social cohesion;
21. Considers it essential to involve the social partners more closely in European Social Fund action and insists that those concerned be given more information, so as to facilitate access to the various European programmes;

22. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

B **EXPLANATORY STATEMENT**

I. The significance of the EU's structural policy for economic and social cohesion

The political will to enlarge the EU to include a number of Eastern European states and the fact that the regions of the new Member States are considerably underdeveloped compared with the richer regions of the old EU mean that economic and social cohesion, and hence the Structural Funds, along with compensatory payments under agricultural policy are the key to the Union's ability to enlarge. Criticism of the existing nature of the Structural Funds, the lack of effectiveness and efficiency in terms of an ecologically and economically sustainable, socially just development capable of generating jobs, the unacceptably high level of bureaucracy, the challenges posed by Monetary Union and the necessity of the Financial Perspective as the Edinburgh agreements expire, are grounds for a rethink of the Funds.

Yet traditional economic methods cannot be used to meet the challenges of increasing unemployment and the process of transforming the economies of the Eastern countries. This is why Jacques Delors stated in the White Paper on Growth, Competitiveness and Employment that such methods needed to be adapted to sustainable development. The key objective is to achieve development models based on low consumption of non-renewable resources.

The proposals for revising the Structural Funds are contained in the documents making up 'Agenda 2000'. They reflect the strategic guidelines proposed by the Commission for the first years of the next century when the historical challenges of both enlarging and deepening the Union will have to be met. It should be stressed once again that in terms of structural policy Agenda 2000 contains the essential guidelines for reforming this policy area, a fact which more than justifies the Committee on Regional Policy in drawing up an own-initiative report.

The financial framework

The proposal under the Financial Perspective is based on an annual growth rate in GNP in the order of 2.5%. The method used by the Commission requires a clear focus of Union strategy on improving the efficiency of its policies in order to encourage the competitiveness and growth of the European regions and to meet the challenges of enlargement.

The Commission proposes that in the period 2000 - 2006 the amount of funding devoted to structural policies should maintain the percentage rate reached in 1999, i.e. 0.46% of the Community's GNP.

Accordingly, of the ECU 275 bn available for 2000-2006, ECU 45 bn should be reserved for the new Member States, including ECU 7 bn for pre-accession aid in accordance with the following break down:

ECU billion (1997 prices)	1999	2000	2001	2002	2003	2004	2005	2006
Community of fifteen								
Structural Funds	31.4	31.3	32.1	31.3	30.3	29.2	28.2	27.3
Cohesion Fund	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
New Member States*		0.0	0.0	3.6	5.6	7.6	9.6	11.6
Pre-accession aid		1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	34.3	35.2	36.0	38.8	39.8	40.7	41.7	42.8

*including participation in the Cohesion Fund

II. European intervention to strengthen economic and social cohesion

European intervention objectives

The objectives of European structural policy as part of European integration are derived from the objectives of the Treaty and the tasks of the Community as set out in Article 2 of the EC Treaty. The task of the Community is 'to promote... a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States'.

The Commission has not yet taken a decision on the central question of reform of the Structural Funds, although the entire way in which such funds are programmed is dependent on this. In particular, this is because as part of its policy of simplifying administration the Commission can only ensure the European value added by setting priorities in the programme approval process and by participating in the two evaluation phases. Incorporating economic and social cohesion in the Treaty calls for the programming framework provided by the Commission to be focused on the intervention objectives referred to above.

Concentrating intervention

The Commission calls its proposals 'greater concentration' and regards the main aim of bringing the various funds together as drastically reducing the percentage of the population eligible for aid (from 51% to 35-40%, 20% in Objective 1 regions and ca. 18% in the new Objective 2 regions).

The rapporteur doubts whether the percentage of the population eligible for aid within the meaning of economic and social cohesion is the proper yardstick for 'concentration'.

Objectives

The new **Objective 1** is to include the existing Objective 1 plus all current Objective 6 regions and the ultraperipheral regions, with virtually no changes. This Objective will continue to include substantially underdeveloped regions with a per capita GDP of less than 75% of the Community

average; it will receive two thirds of total funding. In contrast to current practice, this criterion is to be applied strictly. The Commission envisages a long transitional period with a gradual reduction in aid for the regions which are currently eligible but which will no longer come under Objective 1 (phasing out).

The Commission proposes a new **Objective 2** concerned specifically with the economic and social restructuring of regions suffering from special structural problems. It will cover regions comparable with the present Objectives 2 and 5b, URBAN and PESCA: regions undergoing economic change, declining rural areas, crisis-hit areas dependent on the fishing industry and urban areas with serious problems of poverty and social exclusion.

The Commission's proposal appears to concentrate on combating unemployment under this Objective. However, the Commission does not make clear what role is to be assigned to employment, either as a criterion for selecting eligible regions or as a criterion for defining a strategy for action.

However, the structural problems are very different in nature and they require different approaches. There is no internal logic to Objective 2. This problem is aggravated by the fact that each Objective will only have one programme per region. Even the selection criteria for the individual regions differ radically. Targeted intervention is being sacrificed to simplification, and this is unacceptable.

Given the fact that 80% of EU citizens live in towns and cities, this merging of objectives puts the rural environment at a distinct disadvantage. The Commission's figures for the percentage breakdown between urban and rural population support this: 11% for industrial population centres plus 2% for towns and cities compared with only 5% for the rural environment.

The problem of migration from rural areas, by contrast, is caused by an inappropriate European agricultural policy. Agenda 2000 points to a new approach to agricultural reform which assigns greater importance to the development of rural areas and promoting employment in such areas. Commissioner Fischler stresses the importance of the rural environment as a location for a variety of economic activities, as recreational areas and for preserving culture and traditions. Changes in social expectations (demands on quality of life) create new challenges for agriculture and rural areas.

The idea of using guarantees not to subsidise products but for agricultural development measures is the first step in the right direction. Parliament has a particular interest in transferring measures for the rural environment from heading 1 to heading 2 of the Financial Perspective, in order to ensure involvement and the possibility of codecision which is only (!) possible in the area of the Structural Funds (heading 2). For the actors in the rural environment, too (such as local and regional authorities and the two sides of industry), the broad spectrum of decision-making mechanisms in partnership occur only under heading 2 which is covered by the Structural Fund regulations. Furthermore, the idea of a shift from guarantees to the development of rural areas is credible only if it is possible to provide ways of ensuring structurally that the financial resources will also be made available to rural areas again and that the scope for democratic participation can be exhausted all the same.

By contrast, fixing the limit on the concentration of funding at 0.46% of GDP - which is far in excess of what has been achieved with any structural intervention hitherto - is not a sufficiently powerful argument for reducing democratic participation.

The ideal solution would be to have a separate Objective to guarantee development of rural areas. However, there is also the following compromise suggestion: Having two part-objectives under one intervention 'roof' could achieve the main objective of striking a balance between town and country, regional market conditions, the preservation, planning and exploitation of natural and recreational areas, and maintaining and recovering jobs in rural areas to relieve the pressure on urban areas.

A horizontal support instrument is to be created under **Objective 3** to be used, in a way consonant with the multi-annual plans for employment and the new chapter on employment in the Treaty of Amsterdam, to fight unemployment which leads to social exclusion even outside the regionally linked Objective 1 and 2 areas.

In its own-initiative report on the ESF and in numerous other reports Parliament has given its views on appropriate fields of action. The important thing is to continue with the preventive adjustment of human resources to economic change and with adjusting and modernising training, vocational training and employment systems. One key priority of this Objective should be support for local development and employment initiatives.

What is unclear, however, is how a sustainable job-creation policy can be pursued without accompanying measures. For example, the evaluation documents on mainstreaming show that women find it harder to get jobs if no childcare facilities are available.

Taken as a whole, the removal of the support programmes for SMEs means that this area of intervention will have no investment to guarantee successes in adjustment in the area of human resources.

Phasing out

The Commission's proposal to allow all regions of the Union hitherto classified as Objective 1 and 2 a period of phasing out is something which the rapporteur explicitly supports. Objective 1 regions will be supported over a three-stage period (each of two years) for the entire planning period. Phasing out will be completed after four years for Objective 2 areas.

Community initiatives

The Commission's response to the present proliferation of this type of programme is to propose reducing them from thirteen to three, to concentrate on areas where, in the Commission's opinion, the value added by the Community is most obvious and where cross-border and interregional cooperation is most feasible. However, a more effective alternative would be to implement the LEADER model by establishing a separate Objective for the rural environment.

Continuing the human resources programme only makes sense if a Europe-wide approach is adopted to creating equal opportunities for women, the disabled and young people.

A new model fund

In view of the generally valuable contribution, its innovative nature, the considerable European added value and its significance for the further development of structural policy, it would be sensible to increase the proposed 1% share of financing to 3%.

The Cohesion Fund

The Commission wants to retain the Cohesion Fund. For states which want to take part in the third phase of EMU, the granting of aid from the Cohesion Fund will be dependent on compliance with the stability programmes under the Stability and Growth Pact. Countries not taking part in Monetary Union must comply with the convergence plans in order to have access to these funds.

However, in view of the changes to the Treaty and hence to the underlying principles of the intervention objectives, it is important to examine to what extent the old-style Cohesion Fund can really achieve the desired effects of sustainable development of economic life.

III. Programming

Partnership

European structural policy is based on the democratic principle of partnership. In fact, there is a dual partnership.

Partnership which retains the principle of subsidiarity

What this means is that European structural intervention represents a major counterpart to integration in the European internal market, but one which is borne by the Member States themselves in that they have responsibility for implementation. Parliament and the Commission are agreed that this should not degenerate into financial compensation, pure and simple, because that would do away with the European value added of this policy and hence the essence of the European ideal.

It seems quite reasonable for the Commission to concentrate on safeguarding the European dimension and hence on the programming and monitoring phases, including the use of sanctions mechanisms. What is needed is for the Member States to undertake formally to implement jointly the jointly established programmes, compliance with EU policies under the responsibility of the appropriately qualified bodies and safeguarding additionality and cofinancing.

Partnership at local and regional level and with the two sides of industry

The key elements of this partnership are: prompt involvement in the planning phase and involvement in monitoring implementation.

Because of the delays in reforming the Structural Funds, there is no statutory or financial basis for involving local and regional partners and the two sides of industry. However, the civil services have already established the plans to ensure a smooth transition between the old and the new planning phase. Consulting the partners concerned as an afterthought is no substitute for real involvement, however, because it is obvious that the plans can no longer incorporate core elements such as taking account of the various interests and the experience of the actors, with the result that shortcomings in establishing the new planning document for the seven-year period are already being built in.

On the other hand, it would be useful if the Commission were to absorb the experience of the 'pre-planning phase', which has been successfully tested in a variety of modes, thereby strengthening the bottom-up approach to programme planning.

The rapporteur proposes that the structural fund regulations, final adoption of which is not likely before the end of 1998, should be preceded by an interim regulation on establishing programmes concerned essentially with resolving problems relating to the regional and local partners and the two sides of industry and providing financial guarantees for their help in drawing up the programmes.

Evaluation

Significance of the indicators for the intervention objectives

Since the Commission is to withdraw, as part of the simplification process, from the individual decisions and concentrate - as a partner of the Member States - on defining the objectives and monitoring compliance when programmes are implemented, it needs to create effective instruments for monitoring efficiency. Of key importance here are the indicators. This is why it is important for the Commission to guarantee the right of codecision with respect of the indicators in establishing the programmes. Only in this way is it possible to ensure that the European intervention objectives and the common policies are complied with. The indicators are the control instrument for the first level of partnership.

Monitoring committees

Monitoring committees have proved successful for the second level of partnership. Representatives of the two sides of industry carry out monitoring with the administrators responsible. It is because the Commission wants to concentrate implementation of the programmes in a responsible management body that the supervisory role of the monitoring committees takes on more importance. The committees must be the bodies responsible for questions of revision or adaptation which are drawn up on proposals from the management body. It makes sense to link in revision with the last reform and, to ensure compliance with Community policies, to involve environmental administrators directly in the work of the monitoring committee. The two sides of industry should therefore be joined by a representative of recognized environmental organizations and a person responsible for monitoring compliance with equality of opportunities.

IV. Pre-accession strategy

The Commission proposes making ECU 45 bn of the ECU 275 bn appropriations for 2000-2006 available to the new Member States, including ECU 7 bn for pre-accession aid to bring the countries in question in line with Community standards concerning infrastructure. Parliament has already proposed that these structural adjustments efforts should be supported in the form of a financial instrument independent of the Structural Funds. Once the countries have acceded, a specific financial instrument with simplified administrative procedures and appropriations adjusted to absorptive capacity should be used to support structural measures. The Commission suggests a ceiling of 4%, which is a realistic upper limit.

The areas in which Community structural funding should be used in the CEEC are strictly limited. This aid, as part of the 0.46% of GDP for structural measures, should be used (by analogy with the Cohesion Fund) to provide an annual sum of ECU 1 bn to cofinance investments in transport and the environment. Adjustment to Community standards in other areas, too, is also important: e.g. employment and social policy and in environmental protection for regionally balanced and sustainable development of the CEEC and to avoid ecological and social dumping.

Large-scale transport and environment infrastructure is very costly and does not make any substantial contribution to cohesion. Effective structural intervention to support regional development should focus on improving regional and local infrastructure, support for the SME sector and employment measures as part of the adjustment process.

Only through decentralized management of the structural funding will it be possible to tailor the level of investments to local and regional needs, to use structural measures more cost-effectively, more efficiently and with more sustainable results and to increase the absorptive capacity of the candidate Member States. This calls for new priorities in 'institution building' in the form of strengthening regional and local authorities and involving the population affected and the two sides of industry in the allocation of structural funding.

One major precondition for implementing efficient structural measures in the CEEC is, of course, an increase in the financial resources earmarked for the pre-accession strategy. Given the funding available when countries acceded in the past, the accession partnership should provide for an annual contribution of at least ECU 15 - 20 bn. These sums can, of course, be made available not only through reform of the Structural Funds. A special accession fund should be created through redistribution in the EU budget, in particular by reducing agricultural subsidies and making full use of the ceiling on own resources. A new special cohesion fund could ensure relatively independent support for the candidate Member States and new Member States in both the pre-accession and transitional phases.

EUROPEAN PARLIAMENT

18 May 1998

OPINION (Rule 147)

for the Committee on Regional Policy

on the proposal for a Council Regulation on Agenda 2000, Part 1, Chapter II 'Economic and social cohesion' (COM(97)2000 - C4-0523/97)) (report by Mrs Elisabeth Schroedter)

Committee on Budgets

Draftsman: Mr Joan Colom i Naval

PROCEDURE

At its meeting of 3 February 1998 the Committee on Budgets appointed Mr Joan Colom i Naval draftsman.

It adopted the draft opinion at its meeting of 21 April 1998.

The following were present for the vote: Samland, chairman; Tillich and Giansily, vice-chairmen; Colom i Naval, draftsman, Böge, Brinkhorst, Dührkop Dührkop, Fabra Valles, Haug, Katiforis (for Bösch), Müller, Pimenta, Pronk (for Bardong), Virrankoski and Wynn.

CONCLUSIONS

The Committee on Budgets calls on the Committee on Regional Policy, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Fifth citation

- having regard to its resolutions (A4-0311/97 and A4-0331/97) of 4 December 1997 on the Commission document Agenda 2000 with regard to the financial framework of the Union for the period 2000 - 2006 and the future financing system; having regard to the opinion of the Committee on Regional Policy on that resolution,

Amendment 2

Paragraph 4

4. Welcomes the Commission's proposal to allow all regions of the Union currently under Objectives 1 and 2 and which would cease to satisfy the criteria for eligibility a period of phasing-out, and expects that in such regions a new standard of democratic decision-making and transparency can be achieved in partnership with the local and regional authorities and the two sides of industry, and hence that the results can be sustained;

Amendment 3

Paragraph 13

13. Confirms its resolution of 4 December 1997 on the future financing system and reserves the right to determine the appropriations required and their allocation in the Financial Perspective annexed to the future interinstitutional agreement, considers, however, that an increase is required in the financial resources for the pre-accession strategy although it cannot be achieved through the Structural Funds alone; (rest unchanged)

Amendment 4

Paragraph 13a (new) (paragraph 21 of EP resolution of 4 December 1997)

- 13a. Notes furthermore that, according to the Commission, the margins which will have to be released, in the absence of extra resources, to enable enlargement to go ahead can only be made available by means of major cutbacks in existing policies, in particular agriculture and the Structural Funds;

Amendment 5

Paragraph 13b (new) (paragraph 22 of EP resolution of 4 December 1997)

- 13b. Considers that only after the adoption of the reforms by the Council will it be possible to assess the actual savings made and that the exact cost will not be known until the negotiations have been concluded; considers, therefore, that only then can a definitive decision regarding the possible retention of the current own-resources ceiling be taken;

Amendment 6

Paragraph 13c (new) (paragraph 23 of EP resolution of 4 December 1997)

- 13c. Proposes that all accession expenditure should be entered under a new heading of the financial perspective;

Amendment 7

Paragraph 13d (new) (paragraph 24 of EP resolution of 4 December 1997)

- 13d. Calls on the European Council to consider alternative ways of financing enlargement should the Council's decisions regarding the Commission reform proposals result in smaller savings than those envisaged by the Commission, should the number of acceding countries change or should the accession timetable differ from the one envisaged by the Commission:

5 March 1998

OPINION

(Rule 147)

for the Committee on Regional Policy

on the Agenda 2000: "Economic and social cohesion" (COM(97) 2000 - Volume I - Chapter II - C4-0523/97) (report by Mrs Schroedter)

Committee on Employment and Social Affairs

Draftsman: Mr Hans Lindqvist

PROCEDURE

At its meeting of 26 November 1997 the Committee on Employment and Social Affairs appointed Mr Hans Lindqvist draftsman.

It considered the draft opinion at its meetings of 5 February and 3 March 1998.

At the last meeting it adopted the following conclusions unanimously.

The following took part in the vote: Hughes, chairman; Ojala, vice-chairman; Lindqvist, draftsman; Castagnetti, Correia, Ettl, Glase, González Álvarez (for Eriksson), Hermange, Hernandez Mollar, Kerr (for Wolf pursuant to Rule 138(2)), McMahon, Mendonça, Oomen-Ruijten, Papakyriazis (for Andersson), Peter, Pronk, Schäfer (for Blak), Schmidbauer (for Cabezón Alonso), Schörling, Sornosa Martínez, Theonas, van Velzen, Waddington and Weiler.

INTRODUCTION

The chapter of the Agenda 2000 dealing with the "Economic and social cohesion" policy is the first Commission document which presents the principles of the reform of the Structural Funds envisaged after 1999.

According to the Commission, an amount of ECU 275 billion will be available for structural operations over the period 2000-2006. 45 billion will be earmarked for the new Member States, including ECU 7 billion by way of pre-accession aid. The reform of the Structural Funds will apply the following principles:

- reducing the number of objectives (a continuing high priority for objective 1 for regions lagging behind development; a redefined objective 2 for economic and social restructuring; a new objective 3 developing a strategy for human resources);
- reducing the number of Community initiatives from 13 to 3, among which one initiative will concern human resources, paying special attention to equal opportunities;
- enhancing cost-effectiveness by simplification of the operational procedures.

Concerning these issues, your draftsman will simply recall the conclusions adopted by our Committee in the opinions concerning the Agenda 2000() and the reform of the Social Fund(

). He supports the main principles of the reform, since the simplification of the operational procedures of the Structural Funds will help the candidates to ap

Your draftsman wants to focus in this opinion on the question of the structural support for the Eastern countries during the pre-accession and the post-accession periods. All candidates countries have enormous development needs, particularly as regards infrastructure, including in the environmental field, the productive sectors and human resources. As soon as the next enlargement takes place, support from the Structural Funds and the Cohesion Fund should in theory apply to all the countries which join. Nevertheless, applying the normal eligibility criteria (even after the above mentioned reform) to the new members would, on one hand reduce drastically the amount available for the regions of the current Member States, on the other hand, create major problems with regard to absorption in the new Member States. Furthermore, applying the normal operational procedures of the Structural Funds, even after the simplification envisaged by the reform, will not be possible for the countries concerned in the near future, since they are not familiar enough with these procedures.

Therefore, in order to tackle these difficulties, your rapporteur proposes the following:

- 1) pre-accession aid: The assistance from the Structural Funds, to be granted at a constant rate of ECU 1 billion per year, would be, according to the Commission, "primarily intended to bring the applicant countries' infrastructures up to Community standards, particularly in the transport and environment fields, along the lines of existing Cohesion Fund transfers". It would also enable the countries concerned to become familiar with the procedures concerning structural operations. Your draftsman wants to go further and ask for a special fund (pre-enlargement fund), with simplified operational procedures. Furthermore, the emphasis on the infrastructures should be completed by measures concerning human resources, which could also be financed through the PHARE programme. Special emphasis should also be made on the involvement of the social partners in the programmes to be financed, in the view of supporting the development of a real social dialogue in the applicant countries.

() and the reform of the Social Fund() Opinions from the Committee on Employment and Social Affairs (22 October 1997)

- for the Committee on Foreign Affairs, Security and Defence Policy (Oostlander/Baron report), on the social aspects of agenda 2000 (draftsman: Mr E TTL);
- for the Committee on Budgets (Colom I Naval report), on the future financing of the Union (draftswoman: Mrs OJALA).

() He supports the main principles of the reform, since the simplification of the operational procedures of the Structural Funds will help the candidates to apply them in the future.

) Initiative report on the future of the European Social Fund (A4-0327/97), adopted in plenary on 21 November 1997 (Rapporteur: Mrs JÖNS).

- 2) post-accession period: The Commission proposes that the increase in transfers to the acceding countries will be gradual in line with their absorption capacity. In any events, total transfers from the Structural Funds and the Cohesion Fund to a present or future Member State should not exceed 4 % of its GDP. Your draftsman agrees with these principles. However, the capacity of the new Member States to apply the normal procedures of the Structural Funds after their

accession remains very uncertain. According to your draftsman, a special fund, with simplified procedures, could be still useful after the accession of the new Member States during a transitional period. This will also make sure that cohesion policy within the fifteen current Member States will not be too suddenly reduced.

CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Regional Policy to include the following conclusions in its final resolution:

The Committee on Employment and Social Affairs:

General aspects

1. Stresses the importance of adequate financial resources for the Structural Funds which are instrumental in achieving sustainable and balanced development and a high degree of economic and social cohesion;
2. Support the principles of the reform of the Structural Funds, reducing the number of the objectives and of the Community initiatives and enhancing cost-effectiveness; considers that this simplification will help the candidate countries to apply these procedures in the future;
3. Considers that the countries participating in the third stage of EMU can continue to participate in the Cohesion Fund if they meet the criteria for it;
4. Stresses the importance of ensuring that the European Union operates in a transparent manner; considers it essential, therefore, to involve the social partners more closely in European Social Fund action and insists that those concerned be given more information, so as to facilitate access to the various European programmes;
5. Is concerned that Agenda 2000 lacks a consistent approach to employment and social issues; supports the need for properly-funded initiatives within category 3 (internal policies) to be strengthened in order to encourage the creation of new jobs and support social measures to combat social exclusion;

Structural Funds and pre-accession strategy

6. Is of the opinion that the strategy on economic and social cohesion for candidate States should operate in such a way as not just to ensure smooth transition conditions for the new members but also to guarantee that social and economic cohesion is achieved in the current 15 Member States;
7. Believes that there must be adequate preparations for accession, with horizontal adjustments across all Community policies in order to facilitate smooth transitional arrangements; believes also that support for the necessary economic adjustment should be provided to applicant states by means of a special financial instrument, besides the Structural Funds, with simplified administrative arrangements within the ECU 45 m proposed by the Commission ('pre-enlargement fund');

8. Considers that the pre-accession strategy should give priority not only to infrastructure in the transport and environment fields, but also to human resources; believes that part of the fundings of the pre-enlargement fund, and at least 10% of the fundings of the new PHARE programme, should be allocated to human resources;
9. Considers it essential that the new orientations of the PHARE programme in the pre-accession strategy should give priority to the involvement of the social partners in improving the opportunities for the applicant countries to build democratic institutions in order to facilitate economic and social development which will be sustainable in the long term;
10. Considers that efforts should be made to coordinate all future spending arising from the Social Fund with that of other international bodies involved in the relevant countries, such as the European Bank for Reconstruction and Development (EBRD), in order to ensure a more efficient deployment of all available funds in the candidate countries; considers that the experience and information resources of these organizations must be used in order to economize on the time and money consumed in deciding which areas should receive funds;
11. Considers that, in developing the industrial potential of the applicant countries, the EU's environmental legislation should be respected;
12. Considers that a very restrictive approach should be adopted towards using new land for major industrial developments; instead, existing industrial sites should be cleared and converted; special funding should be allocated for the remediation of sites which have been heavily exploited and where pollution is severe and constitutes a health hazard;

Structural Funds and new Member States

13. Believes that, upon accession, and in view of their differing economic situations, the new Member States must be integrated gradually into the structural policies by means of a specific financial instrument with simplified administrative arrangements and funding levels which match their take-up capacities (post-accession fund);
14. Considers that the funds which the Commission has proposed for the new Member States will not be sufficient to bring these countries closer to Community economic and social standards.

EUROPEAN PARLIAMENT

24 March 1998

OPINION (Rule 147)

for the Committee on Regional Policy

on Economic and Social Cohesion (Agenda 2000)(COM(97)2000 - C4-0523/97; report by Mrs Schroedter)

Committee on Fisheries

Draftsman: Mr. Pat the Cope Gallagher

PROCEDURE

At its meeting of 17 November 1997, the Committee on Fisheries appointed Mr. Gallagher draftsman.

It considered the draft opinion at its meetings of 20 - 21 January, 25 - 26 February and 18 - 19 March 1998.

At the last meeting it adopted the following conclusions unanimously.

The following were present for the vote: Fraga Estévez, chairman; Kindermann, Macartney and Souchet, vice-chairmen; Gallagher, draftsman; Adam, d'Aboville, Baldarelli, Hardstaff (for Crampton), Kofoed, Langenhagen, McCartin (for Provan), Tajani, Teverson and Varela Suanzes-Carpegna.

INTRODUCTION

In its Agenda 2000 communication, the Commission has retained the priority policy goal of promoting economic and social cohesion, first introduced by the Single European Act() and consolidated by the Treaty on European Union into one of the three pillars of European integration.

REGI/AD/349643.EN

PE 225.204/fin.

() and consolidated by the Treaty on European Union into one of the three pillars of European integration.) Title V, Article 130a,
SEA, OJ L 169, 29.6.87.

It underlines, moreover, the need for constant efforts to address regions' uneven capabilities for generating sustainable development, their difficulties in adapting to new conditions on the labour market and the necessity for the structural funds to promote competitive development and lasting growth to promote jobs throughout the Union.

What it does not do, however, in setting out its aims, is to recognise the particular circumstances of the fisheries sector, which encompasses both global European and individual regional dimensions.

COMMISSION PROPOSALS

In order to continue the process of economic and social cohesion the Commission is proposing to maintain the global level of Community structural spending at the 1999 level of 0.46% of Union GNP. This will result in a financial package for the period 2000 - 2006 of 275 billion Ecu (at 1997 prices), compared to the 200 billion which was set for the current five year period at the Edinburgh summit in 1993.

This figure breaks down as follows:

- Structural Funds (EAGGF Guidance, ERDF, ESF and FIFG) for EUR 15: 210bn
- Cohesion Fund (Investment in transport and the environment): 20bn
- Applicant Countries: 45bn

From the above, it can be seen that the average annual spending will fall in real terms for the existing Member States.

In its communication, the Commission states that for reasons of visibility and efficiency, the present seven Objectives should be reduced to three: two regional and a horizontal objective for human resources. The aim of this is a simplification of procedures and an increased concentration of funding, with an integrated development approach, which would involve one single programme per region, comprising all the Structural Funds including the Financial Instrument for Fisheries Guidance (FIFG).

The main changes proposed are as follows:

- Objective 1. The regions covered under this objective will continue to receive a high priority and the 75% of per capita Community GDP threshold retained - but strictly applied.

The ultra-peripheral regions will be included in Objective I on an ad hoc basis and specific arrangements, yet to be decided, will be made for the current Objective 6 regions. For those areas which at present benefit from Objective 1 status and are no longer eligible, there will be a transition period during which the relevant transfers will be phased out.

- Objective 2. This objective has been redefined and will now be aimed at promoting economic and social reconversion. Four categories of zone will eligible:
 - Areas undergoing economic change (in industry or services);
 - Declining Rural Areas;
 - Urban areas in difficulty;

- Crisis-hit areas dependent on the fishing industry.

The Commission intends that the criteria for defining these areas should be as simple and transparent as possible. Thus account will be taken of factors such as the rate of unemployment, the level of industrial employment, the level of agricultural activity, the level of activity linked to fisheries and the degree of social exclusion.

- Objective 3. This final horizontal "human resources" objective will cover areas such as education and training, employment systems, accompanying economic and social measures, life-long learning and the fight against unemployment.
- Community initiatives will be limited to just three, leaving only those covering trans frontier cooperation, rural development and human resources. PESCA will thus disappear although under the new arrangements it should be possible to carry out most of its operations from within the FIFG.

FISHERIES AND ECONOMIC AND SOCIAL COHESION

The Committee on Fisheries has already pointed out on several occasions⁽²⁾

) that in the first versions of Agenda 2000, fisheries was not mentioned at all. The Commission has attempted to remedy this by including references to fish

However, according to the Commission, the percentage of the current Union's population covered by Objectives 1 and 2 will be reduced from 51% to 35 - 40% thus, several fisheries areas will no longer be included.

In this context, it must be remembered that fisheries areas, being on the coast, are almost by definition on the periphery of the Union's main centres of population and suffer from all the relative disadvantages which this entails including poor infrastructure and transport links. In addition, in many cases there are few alternative possibilities for employment. Such areas may, however, be part of larger regions which might or might not qualify for regional assistance under the new arrangements.

To an extent the Commission has taken this point on board. In addition to the aid provided for under Objectives 1 and 2, the FIFG will be able to support restructuring on any part of the Union's coastline from category 1 of the financial perspective (EAGGF guarantee). While in theory this should provide greater flexibility, in that such funding would not be restricted by the general rules applicable to the use of the structural funds, it is clear that such a solution is ad hoc and administratively complicated. Moreover, without as yet any definite indication of available resources, it is obvious that Europe has a lot of coastline to be funded from a limited pot.

(²) Opinion by Mr. Kofoed, on behalf of the Committee on Fisheries, Annex to Report A4-0331/97, 4.12.97 on the Financial Aspects of Enlargement.

Thus, in terms of fisheries there is no guarantee that economic and social cohesion will actually be reinforced. The single programme envisaged for each new Objective I or II region may or may not have the desired impact on the fisheries sector, depending on the priorities of the political

authorities. The Commission has as yet provided no indication as to what the FIG share of the structural funds will be. Fisheries, therefore will have to compete for resources within the various regional plans. Outside these regions, what the new category I funding mechanism will mean in practice for fisheries areas is anybody's guess.

CONCLUSIONS

The Committee on Fisheries called for³), but failed to obtain a separate chapter on fisheries in the Amsterdam Treaty, a rejection which is symptomatic of the seeming inability of the Commission

As far as economic and social cohesion is concerned the same problem appears to apply. Fisheries areas have special problems and often a distinct economic, social and even cultural identity from the wider regions to which they belong.

What is needed is a structural policy for the fisheries sector which takes account of these differences. It must be specifically targeted at the particular needs of fisheries zones in order to have a genuine impact on the economic and social cohesion of areas and people involved in this sector across Europe.

Moreover, while coordination of the FIG with the other structural funds at regional level is obviously desirable, the fisheries sector, being responsible for a common resource, is currently in crisis Europe-wide.

For this reason, a specifically targeted structural policy for fisheries must also be planned at a global European level and implemented nationally, in order to play its part in restoring the sector as a whole to equilibrium.

The Committee on Fisheries calls therefore on the Committee on Regional Policy, as the committee responsible, to include the following amendments in its resolution.

AMENDMENT 1

Calls, in respect of the fisheries sector, on the Commission to recognise the particular needs of fisheries areas in the context of promoting economic and social cohesion and to develop a coherent structural policy with adequate resources which is specifically adapted to fisheries and coordinated globally at European and national level.

AMENDMENT 2

Calls for a specific objective to be introduced, under the structural funds, for fisheries.

⁽³⁾ Opinion by Mrs Langenhagen, on behalf of the Committee on Fisheries, Annex to Report A4-0347/97, 19.11.97, on the Amsterdam Treaty.

