DRAFT REPORT


Committee on Regional Development

Rapporteur: Ruža Tomašić
Symbols for procedures

* Consultation procedure
*** Consent procedure
***I Ordinary legislative procedure (first reading)
***II Ordinary legislative procedure (second reading)
***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in *bold italics* in the left-hand column. Replacements are indicated in *bold italics* in both columns. New text is indicated in *bold italics* in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in *bold italics*. Deletions are indicated using either the ▌ symbol or strikeout. Replacements are indicated by highlighting the new text in *bold italics* and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.
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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION


(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council (COM(2017)0825),

– having regard to Article 294(2) and Articles 175 and 197(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0433/2017),

– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

– having regard to the opinion of the European Economic and Social Committee of 14 March 2018¹,

– having regard to the opinion of the Committee of the Regions of ...

²,

– having regard to Rule 59 of its Rules of Procedure,

– having regard to the report of the Committee on Regional Development and also the opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs (A8-0000/2018),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation
Recital 1

¹ Not yet published in the Official Journal.
² Not yet published in the Official Journal.
(1) The Structural Reform Support Programme (‘the Programme’) was established with the objective of strengthening the capacity of Member States to prepare and implement growth-sustaining administrative and structural reforms, including through assistance for the efficient and effective use of the Union funds. Support under the Programme is provided by the Commission, upon request by a Member State, and can cover a wide range of policy areas. Developing resilient economies built on strong economic and social structures, which allow Member States to efficiently absorb shocks and swiftly recover from them, contributes to economic and social cohesion. The implementation of institutional, administrative and growth-sustaining structural reforms is an appropriate tool for achieving such a development.

Amendment 2

Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) Strengthening economic and social cohesion by reinforcing structural reforms is crucial for successful participation in the Economic and Monetary Union. That is particularly important for Member States whose currency is not the euro, in their preparation to join the euro area.

Amendment

(3) Strengthening economic, social and territorial cohesion through structural reforms which are of interest to the Union is crucial for successful participation and enhanced convergence in the Economic and Monetary Union. That is particularly important for Member States whose currency is not the euro, in their
preparation to join the euro area.

Amendment 3
Proposal for a regulation
Recital 5 a (new)

Text proposed by the Commission

(5a) Seven Member States are subject to a Treaty obligation to prepare for participation in the euro area, namely Bulgaria, the Czech Republic, Croatia, Hungary, Poland, Romania and Sweden. Some of those Member States have made little progress towards that goal in recent years, making Union support for euro participation increasingly relevant. Denmark and the United Kingdom are under no obligation to join the euro area.

Amendment 4
Proposal for a regulation
Recital 5 b (new)

Text proposed by the Commission

(5b) Regional and local authorities have an important role to play in structural reform, to a degree which depends on the constitutional and administrative organisation of each Member State. It is therefore appropriate to provide for an appropriate level of involvement and consultation of regional and local authorities in the preparation and implementation of structural reform.
Amendment 5
Proposal for a regulation
Recital 6

Text proposed by the Commission

(6) In order to meet the growing demand for support from Member States, and in view of the need to support the implementation of structural reforms in Member States whose currency is not the euro, the financial allocation for the Programme should be increased to a sufficient level that allows the Union to provide support that meets the needs of the requesting Member States.

Amendment

(6) In order to meet the growing demand for support from Member States, and in view of the need to support the implementation of structural reforms which are of interest to the Union in Member States whose currency is not the euro, the financial allocation for the Programme should be increased, by using the Flexibility Instrument under Council Regulation (EU, Euratom) No 1311/2013, to a sufficient level that allows the Union to provide support that meets the needs of the requesting Member States.


Amendment 6
Proposal for a regulation
Article 1 – paragraph 1 – point 1
Regulation (EU) 2017/825
Article 4 – paragraph 1

Text proposed by the Commission

The general objective of the Programme shall be to contribute to institutional, administrative and growth-sustaining structural reforms in the Member States by

Amendment

The general objective of the Programme shall be to contribute to institutional, administrative and growth-sustaining structural reforms in the Member States,
providing support to national authorities for measures aimed at reforming and strengthening institutions, governance, public administration, and economic and social sectors in response to economic and social challenges, with a view to enhancing cohesion, competitiveness, productivity, sustainable growth, job creation, and investment, which will also prepare for participation in the euro area, in particular in the context of economic governance processes, including through assistance for the efficient, effective and transparent use of the Union funds.

and to bring European added value in policy areas relating to competences shared between the Union and the Member States which are not already targeted by a technical assistance programme, by providing support to Member States’ public authorities for measures aimed at reforming and strengthening institutions, governance, public administration, and economic and social sectors in response to economic and social challenges, with a view to enhancing cohesion, competitiveness, productivity, sustainable growth, job creation, and investment, which will also prepare for participation in the euro area, in particular in the context of economic governance processes, including through assistance for the efficient, effective and transparent use of the Union funds.

Amendment 7

Proposal for a regulation
Article 1 – paragraph 1 – point 1 a (new)
Regulation (EU) 2017/825
Article 5 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(1a) in Article 5(1) the following point is added:
(da) to support the involvement and consultation of regional and local authorities in the preparation and implementation of structural reform measures to a degree commensurate with the powers and responsibilities of those regional and local authorities within the constitutional and administrative structure of each Member State.
EXPLANATORY STATEMENT

The Commission’s proposal seeks to amend Regulation (EU) 2017/825 in order to increase the financial envelope of the Structural Reform Support Programme (SRSP) and adapt its general objective. The Commission has chosen to do this in the light of the high number of requests from the Member States for funding for structural reforms.

In particular, the amending act seeks to amend Article 4 on the objective of the SRSP by adding support for preparations for euro area membership to the goals of the programme (the words ‘which will also prepare for participation in the euro area’ are added to the article). It also inserts an Article 5a permitting funding for euro preparation actions and activities.

Furthermore, the overall financial envelope for the SRSP is increased from EUR 142.8 million to EUR 222.8 million, through the use of the Flexibility Instrument in the Multiannual Financial Framework. Member States will be able to choose to further complement the SRSP by transferring appropriations from the technical assistance budget, taking the total to around EUR 300 million. The Common Provisions Regulation already permits such transfers.

Your rapporteur considers that this is a textually minor, but politically very important modification to the SRSP. Nineteen Member States are already part of the euro area. Seven Member States are subject to a Treaty obligation to prepare for participation in the euro area, namely Bulgaria, Croatia, Czechia, Hungary, Poland, Romania and Sweden. Some of those Member States have made little progress towards that goal in recent years, making EU support for euro area participation increasingly relevant. Two Member States are not obliged to join the euro area in view of their opt-out from the single currency, namely Denmark and the United Kingdom. The latter is of course due to withdraw from the European Union in 2019.

Your rapporteur considers that it is important to have greater clarity both on the structural reforms to be promoted using cohesion funding and on their likely impact on the effectiveness of cohesion funding. It is important to note that most of the inequalities across EU countries are now accounted by differences within rather than between countries. Effective structural transformation therefore requires a commitment by governments at different levels to work together to facilitate concerted and integrated action, combining a mix of policy inputs, to meet different territorial development needs and challenges. Given that Member States already have their own reform initiatives, the programme should focus on the measures that will best support the country-specific recommendations.

Your rapporteur supports the two main elements of the proposal, namely the budget increase for the SRSP and the inclusion of preparations for euro area membership as one of the objectives of the programme. The number of amendments to the proposal is therefore limited at this stage. These amendments aim to underline the importance of support for euro area membership preparations, and to ensure that regional and local authorities may be involved to a greater degree in structural reform projects.