

**4th report on cohesion**

**European Parliament resolution of 21 February 2008 on the fourth report on economic and social cohesion (2007/2148(INI))**

*The European Parliament,*

- having regard to the Fourth Report on Economic and Social Cohesion (COM(2007)0273) ('the Fourth Cohesion Report'),
  - having regard to the Commission communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled Strategy for the Outermost Regions: Achievements and Future Prospects (COM(2007)0507),
  - having regard to Articles 158, 159 and 299(2) of the Treaty establishing the European Community,
  - having regard to the Territorial Agenda of the EU, the Leipzig Charter on Sustainable European Cities and the First Action Programme for the Implementation of the Territorial Agenda of the European Union,
  - having regard to the report by the European Spatial Planning Observatory Network (ESPON) entitled Territorial Futures – Spatial scenarios for Europe and that of the European Parliament Regional Disparities and Cohesion: what Strategies for the Future?,
  - having regard to the opinion of the Committee of the Regions (COTER-IV-011) of 28 November 2007 and that of the European Economic and Social Committee (CESE 1712/2007) of 12 December 2007 on the Fourth Cohesion Report,
  - having regard to its resolution of 23 May 2007 on the impact and effects of structural policies on EU cohesion<sup>1</sup>,
  - having regard to its resolution of 12 July 2007 on the role and effectiveness of cohesion policy in reducing disparities in the poorest regions of the EU<sup>2</sup>,
  - having regard to Rules 45 and 112(2) of its Rules of Procedure,
  - having regard to the report of the Committee on Regional Development and the opinions of the Committee on Budgets and of the Committee on Fisheries (A6-0023/2008),
- A. whereas a comprehensive European cohesion policy continues to be made necessary by the persistence of major disparities and specific structural problems in numerous European regions, a situation that has been aggravated by the recent enlargement of the Union,
- B. whereas the EU's cohesion policy thus remains an essential pillar in the process of European integration, and plays an active role in reducing disparities and development

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<sup>1</sup> Texts adopted, P6\_TA(2007)0202.

<sup>2</sup> Texts adopted, P6\_TA(2007)0356.

deficits,

- C. whereas there is a clear link between rising Euro-scepticism and the increase in territorial disparities between regions and within regions, which demonstrates the need for economic, social and territorial cohesion in order to strengthen convergence and give a firm basis to the legitimacy of the European Union, which is achievable through a regional policy that is visible on the ground; whereas regional and local authorities and local actors have a central role to play in bringing the EU's activities closer to the people and in implementing regional policy, whose achievements should be publicised more effectively,
- D. whereas, having regard its added value, cohesion policy offers every region the possibility of concrete benefits in terms of long-term employment and higher living standards for local populations, particularly in regions that are lagging behind, and contributes to strengthening competitiveness and administrative capacity and ensuring decentralised management; whereas, in the light of this, any attempt to renationalise this policy must be rejected,
- E. whereas the Treaty of Lisbon, which was approved by the Heads of State and Government on 18 October 2007 and signed on 13 December 2007, enshrines territorial cohesion among the fundamental objectives of the Union, alongside economic and social cohesion,
- F. whereas increased financial resources for cohesion policy must be guaranteed in the future in order to deal with the anticipated new challenges, which have an important territorial impact, such as demographic change, urban concentration, segregation, migratory movements (which are particularly problematic for rural and peripheral areas), adjustment to globalisation, climate change, energy supply, and the slow catch-up process of rural areas; whereas these challenges can be dealt with only if the great significance of cohesion policy is recognised for this purpose in the future;

***Contrasting data on the state of cohesion in the European Union of 27 Member States***

- 1. Welcomes this report, which is more detailed than previous ones, is based on diverse indicators and gives useful comparative data for other countries such as the United States, Japan, China and India, reflecting the international context in which EU economies operate;
- 2. Regrets, nevertheless, the lack of cross-data and comparable data from different NUTS levels, which would give a better insight into the sustainability of growth and convergence; calls, therefore, for better statistical tools – like the new indicators (in addition to per-capita GDP) that were successfully employed in the Fourth Cohesion Report – which would allow the degree of economic, social and territorial cohesion on the ground to be measured more accurately, as well as the concrete contribution of local actions to cohesion policy; takes the view that, in order to achieve this, ESPON's capacity will have to be increased;
- 3. Points to the delays in taking up structural appropriations in Member States and calls for measures to improve the situation; notes however that it is too early to evaluate the results of cohesion policy in the new Member States; welcomes all efforts to enhance the effectiveness of cohesion policy and to reduce excessive bureaucracy and calls for a systematic assessment of this policy; reiterates its strong support for the European Transparency Initiative launched by the Commission, which will identify the recipients of structural funding from 2008 onwards;
- 4. Welcomes the fact that the former cohesion countries, namely Greece, Spain, Portugal and

Ireland, have caught up remarkably well, recording impressive growth rates during the period 2000-2006, but points out that, in spite of their growth, there are still major imbalances between their regions and deep-seated structural problems;

5. Welcomes the high growth rates recorded in the new Member States but notes that their economic convergence is to be expected only in the medium or long term and that it will be a long process because of the very low GDP per capita starting point in some of these countries,
6. Welcomes the reaffirmation by the Commission of the important role played by cohesion policy in strengthening the ability of all Member States to develop harmoniously and create new and viable jobs, as evidenced by the excellent results of cohesion policy in many Objective 2 regions;
7. Is concerned that the convergence among countries very often masks the widening gaps between regions and within individual regions; notes that this widening of regional and local disparities can be observed in a number of areas, in terms of employment, productivity, income, education levels and innovation capacity; stresses also the role of territorial cooperation in helping to overcome these problems;
8. Points out, for example, that the competitiveness of the regions depends to a great extent on productivity, on the accessibility of markets and on the level of qualification of the work force, which varies significantly more among regions than among Member States; notes furthermore that institutional factors are increasingly seen as key elements in competitiveness, such factors including the endowment of social capital in the form of business culture and shared norms of behaviour which facilitate co-operation and enterprise and also the efficiency of public administration;
9. Notes in this connection that some developed regions and even some less developed regions are beginning to experience multiple problems having strong territorial impact in terms of development potential: low economic growth rates, falling productivity and employment, and ageing populations,
10. Notes that, while high growth rates have enabled certain Member States to reach full employment and increase their per-capita GDP, in other countries the differences between individual social groups have widened, meaning that the most vulnerable sections of the population still require social integration;
11. Points to weak convergence in terms of education levels, and a genuine educational gap between the European Union and the United States, where 29% of people aged between 25 and 64 have a university degree, compared with barely 16% in the European Union; notes, however, that the number of women with higher-education qualifications is rising faster than that of men;
12. Stresses the importance of integrating gender mainstreaming, equal opportunities and the special needs of persons with disabilities and senior citizens at every stage in the implementation of cohesion policy projects;
13. Emphasises the effect of polarisation in the regions around capital cities – a particularly marked phenomenon in the new Member States – which on average generated 32% of their

countries' GDP, while representing only 22% of the population; notes that this polarisation can give rise to great disparities among unemployment rates in city centres;

14. Notes that uncontrolled urbanisation can create demographic, economic, social, transport, and environmental imbalances within a restricted area and lead to suburbanisation and the depopulation of rural areas that are far from towns; calls therefore on the Commission to specifically address this problem with concrete proposals;
15. Points to regional disparities in terms of accessibility and links between centres and peripheral areas, which is the result of geographical and structural disadvantages, insufficient investment in transport infrastructure, as well as failure to diversify potential transport links; points in particular to the substantial obstacles in terms of accessibility for the mountainous and island regions and also the peripheral as well as the outermost regions that lie very far from continental Europe; highlights the need to draw up measures to boost the regional potential and the attractiveness of and sustainable development in these regions;
16. Expresses its great surprise at the Commission's statement in the Fourth Cohesion Report that 'insularity does not seem to constitute in itself a major obstacle to development' and notes the strong disappointment of the people of island regions with that statement, for the reason that they are confronted on a daily basis with the negative impacts and difficulties of insularity,

### ***Regional policy and the Lisbon Strategy***

17. Points to the enormous differences between countries in terms of the sums invested in research and development, and notes great regional disparities in terms of innovation, which in the Fourth Cohesion Report are measured by a useful indicator of regional performance in terms of innovation;
18. Shares the opinion of the Commission on the leverage effect of cohesion policy vis-à-vis the Lisbon Strategy, which is achieved by virtue of the directing of public investments towards projects that favour the creation of a more dynamic, growth-generating, innovation-stimulating economic fabric based on synergy created by more efficient harmonisation of policies and programmes;
19. Regrets that the innovation potential of small, micro and craft businesses has not been adequately taken into account in implementing cohesion policy, despite earmarking; therefore calls for the implementation of an active policy to support all forms of innovation in these enterprises and also invites the Commission to create opportunities for mutual co-operation between businesses, the public sector, schools and universities, in order to create regional innovation clusters, in the spirit of the Lisbon Strategy;
20. Points out that the leverage effect of structural support can be increased through the use of private co-financing; calls for the swift introduction of transparent rules and standard solutions for public-private partnerships that will enable regions to bring private capital to bear in pursuit of public objectives;
21. Points out that compliance with the automatic decommitment principle is essential in order to encourage the financing and rapid implementation of projects by management

authorities; insists that the principle of the N+2 rule (and N+3 in the new Member States during the first three years of the 2007-2013 financial framework) should be adhered to;

22. Points out that the delays in implementing structural policy are due in part to the excessive rigidity of procedures and that, consequently, consideration should be given to simplifying those procedures and clearly dividing responsibilities and competences between the EU and the Member States;
23. Notes, with reference to the programming period 2007-2013, that the system of earmarking appropriations will direct 64% of Objective 1 (convergence) resources and 80% of Objective 2 (regional competitiveness and employment) resources towards innovation, representing EUR 55 000 million more than in the previous period; observes that making use of those appropriations hinges on the capacity of the less developed regions to manage research, development and innovation projects in sufficient number and of such quality as will ensure that they are utilised and not diverted towards investments of little value;
24. Calls on the Commission to evaluate the earmarking system and its impact on the evolution of regional disparities and to ascertain whether, in the definition of priorities, this system does not encourage too centralised or 'top-down' an approach; hopes that this evaluation will begin with the publication in 2008 by the Commission of the Fifth Progress Report on Cohesion which, it is anticipated, will concentrate on the relation between cohesion policy and the Lisbon Strategy growth and employment priorities for all regions;
25. Stresses that cohesion policy must not favour already dynamic regions, which would happen if there were strict earmarking of appropriations; recalls that, with the entry into force of the Lisbon Treaty, cohesion policy will embrace the three objectives of economic, social and territorial cohesion, which go beyond the Lisbon Strategy;
26. Calls for the Lisbon Strategy to be broadened to include the territorial dimension, allowing characteristics specific to the regions to be taken into account, while encouraging trans-European synergies and cooperation, with special support for the creation and implementation of broad-based innovative activities;
27. Emphasises that the scope of cohesion policy cannot be confined to meeting the Lisbon Strategy objectives; takes the view that achieving territorial cohesion by means of actions under the convergence objective is a precondition for the long-term competitiveness of regions; considers, therefore, that Objective 1 (convergence), Objective 2 (regional competitiveness and employment) should be treated as complementary in the future, and indeed complementary also with Objective 3 (European territorial cooperation);

#### ***Territorial cohesion: towards an integrated approach***

28. Calls on the Commission to include a definition of 'territorial cohesion' in the forthcoming Green Paper on Territorial Cohesion (scheduled for September 2008) in order to make further progress in this Community policy;
29. Stresses the importance of real partnership and the implementation of genuinely multi-level governance involving every level – Community, national, regional and local, in consultation with economic and social partners – in defining and implementing regional development objectives, ensuring that the scope of action priorities defined at European level is not narrowed down when they are implemented at national, regional or local level ('bottom-up

approach') and in order to avoid any risk of excluding players involved in local development and cohesion, as is often the case with urban policy;

30. Proposes that priority be given to policies that serve a genuinely polycentric development of territories, such that the pressures on capital cities are lessened and the emergence of secondary poles is encouraged; considers that support for rural areas and the important role played by small and medium-sized towns located in rural areas should not be overlooked in this connection;
31. Calls also for practical steps to be taken to reduce the disparities between territorially accessible regions and regions with structural disadvantages, namely islands, mountain areas, sparsely populated areas and peripheral and border regions, recognising the disadvantaged position of the latter and taking special and permanent measures to support them; reaffirms its attachment to taking account of the specific handicaps of the outermost regions;
32. Recommends better interlinking of urban and rural issues; emphasises that the development of rural areas should be coordinated with actions implemented in the framework of regional policy; is concerned, in this connection, about the usefulness of a separate approach to cohesion and rural development (via the European Agricultural Fund for Rural Development); calls for a study on the consequences of increasing funding for rural development by means of the mechanisms of compulsory modulation;
33. Warns against the dangers of the sectorisation of policies and favours the development of an integrated approach that identifies the synergies that are possible between cohesion policy and major sectoral policies such as transport, agriculture, fisheries, rural development, environment and energy, research and technology;
34. Calls on the Commission to analyse in its future reports the extent to which different instruments and policies, including cohesion policy, have contributed to the progress achieved in the field of economic and social cohesion; considers that achievements and problems need to be analysed in all important fields, in particular that of the Lisbon Strategy.
35. Expects the discussions on post-2013 cohesion policy to result in regions located on external borders of the Community being given special importance in order to ensure stability and prosperity across borders that will ultimately result in not only the development of EU border regions but also greater cohesion and competitiveness for the Community as a whole.
36. Points out that combating 'spatial segregation' and social exclusion, with a view to achieving sustainable and balanced growth, requires the support of a careful housing policy, coming under a broader local development, urban planning and local public service management strategy;
37. Welcomes, in this connection, the adoption of an action programme for the implementation of the Territorial Agenda and the Leipzig Charter to ensure that the territorial dimension is better integrated into all public policies at Community, national and local levels and awaits the practical manifestation thereof; in view of the intended expansion of economic and social cohesion under the Lisbon Treaty to include a territorial component, suitable indicators need to be developed to define the content of territorial cohesion;

38. Welcomes the announcement by the Commission of its forthcoming Green Paper on territorial cohesion, which is expected to be adopted in September 2008, and asks that it include concrete guidelines for the implementation of the integrated approach;
39. Is aware of the importance of regular cooperation between Parliament, represented by its Committee on Regional Development, and the Committee of the Regions on the subject of the future of regional policy;

***New challenges for cohesion policy and the general budget of the European Union***

40. Takes the view that, in the future, the Union will be increasingly faced with new challenges with a strong territorial impact exacerbating existing obstacles to regional development, such as demographic change, urban concentration, migratory movements (which are particularly problematic for rural and peripheral areas), energy supply and climate issues and adjustment to the changes arising from globalisation, as well as enlargement and neighbourhood policies; stresses in this context the importance of pilot projects relating to the adaptation of regions to these new challenges;
41. Calls for regular analyses of the costs and structural-policy implications of possible future enlargements before the start of any new accession negotiations and hopes that it can play a greater part in the enlargement and neighbourhood policies, with its participation in the shaping of pre-accession instruments to be made binding;
42. Emphasises the seriousness of the problem of depopulation in many parts of the EU, involving as it does the ageing of the population, the loss of human capital, capital flight, more expensive services, and so on;
43. Takes the view that demographic trends can have a major territorial impact, such as the depopulation of certain areas, especially the less developed rural areas, accompanied by urban concentration and an ageing society, or the development of the residential economy in others, which requires the development of specific innovative strategies to resolve their problems, necessitating a particular effort to maintain services of general economic interest and ensure a high standard of universal services;
44. Notes that climate change will have variable repercussions, in particular in terms of more frequent and severe natural disasters, such as forest fires, droughts and floods, which will call for responses that differ from one region of the EU to another and which the regions must tackle by reviewing and adapting their sustainable development strategies for achieving the EU's objective of cutting CO<sub>2</sub> emissions; believes that EU cohesion policy should be 'climate-friendly', but recalls that the possibilities open to cohesion policy in this area are limited; takes the view that fighting climate change should also be addressed under other Community policies;
45. Recalls also within the framework of the formulation of an effective global policy to provide protection from natural disasters the importance of adopting the proposal for a regulation of the European Parliament and the Council establishing the European Union Solidarity Fund (COM(2005)0108), which provides a more timely and adequate response to natural disasters of regional scale, which are often devastating in certain regions because of their geographical situation;
46. Takes the view that the issues of energy supply and increasing energy prices can have major

spatial implications for territories as a result of the strong energy dependence of most Member States, particularly in rural, mountain, island, very remote as well as outermost regions because of their dependence on transport, which is highly sensitive to energy costs; points out that the development of renewable energy sources and investment in energy efficiency and in decentralised supply units could offer local and regional development opportunities;

47. Reiterates its request relating to the reutilisation of unspent appropriations, under the N+2 or N+3 rule applicable to cohesion policy, with a view to maximising the scarce resources available;
48. Takes the view that retaining cohesion policy after 2013 is an appropriate response to these new challenges, that this policy must be applied in a differentiated way to the whole of the Union's territory; takes the view that cohesion policy should remain a Community policy in accordance with the Treaty and the solidarity principle, and rejects, therefore all attempts to renationalise this policy;
49. Takes the view that cohesion policy needs to be further reinforced in the future, and that its added value should be more strongly highlighted; calls, therefore, for sufficient financial resources to be allocated to cohesion policy at Community level; calls for the revision of the financial framework to be used as an opportunity to define the budgetary resources needed to meet all of the Union's cohesion policy challenges;

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50. Instructs its President to forward this resolution to the Council and the Commission.