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WORKING DOCUMENT

on achieving economic, social and territorial cohesion - a sine qua non for global competitiveness?

Committee on Regional Development

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Introduction

The aim of this working document is to set out the background to what will be the report entitled 'Achieving economic, social and territorial cohesion - a sine qua non for global competitiveness?'. The document will also explain the methodology to be used in drawing up the report and the principal questions which the rapporteur believes should be answered. It will include the main aspects which will be presented and analysed in the draft report.

The report will launch the debate in Parliament on the guiding principles for the future of cohesion policy, its content, and the form in which economic, social and territorial cohesion should support the 'EU 2020' objectives.

Your rapporteur, believing that the title of the report permits a wide-ranging approach, wishes to clarify two important aspects of the report:

- it will aim to analyse the prospects for competitive economic growth for the EU on the global plane;
- the analysis will concentrate on two areas, namely economic competitiveness and infrastructure, and will pay particular attention to the twelve newest Member States.

Objective of the report

The report will be tabled pursuant to Parliament's objectives and implementing modalities in respect of its activities for the seventh parliamentary term. Entitled 'Achieving economic, social and territorial cohesion - a sine qua non for global competitiveness?', it will be drawn up by the Committee on Regional Development, will be non-legislative in character, and will be prepared and submitted to the committee by the designated rapporteur.

In the present environment of economic crisis, globalisation, the challenges of managing situations arising at national and regional level and the need to prepare the new programming period at EU level from 2014, what is needed is a specific analysis aimed at establishing the lines that must be followed if the Union is to achieve competitive economic growth at global level.

The report will propose examining through what measures and on what basis the Union's cohesion policy can, in its three areas (economic, social and territorial), contribute to achieving a globally competitive European economy.

It will also seek to identify efficient and appropriate means of establishing the content of cohesion policy for the coming programming period 2014-2020 with a view to achieving the EU 2020 objectives.

Sources

1. Resolutions and reports of Parliament

- European Parliament resolution of 24 March 2009 on best practices in the field of regional, policy and obstacles to the use of the Structural Funds (2008/2061(INI)) - P6_TA(2009)0156
- European Parliament resolution of 21 October 2008 on governance and partnership at national and regional levels and a basis for projects in the sphere of regional policy (2008/2064(INI))
- Report on the Green Paper on Territorial Cohesion and the state for the debate on the future reform of Cohesion policy (2008/2174(INI)), rapporteur: Lambert van Nistelrooij, Committee on Regional Development
- Report on the Fourth report on economic and social cohesion 2007/2148(INI), rapporteur: Ambroise Guellec, Committee on Regional Development

Also extremely relevant is:

- An agenda for a reformed Cohesion Policy - A place-based approach to meeting European Union challenges and expectations; independent report prepared at the request of Danuta Hübner, Commissioner for Regional Policy, by Fabrizio Barca, April 2009

With the help of the above sources, an analysis will be offered of the proposals concerning the ways in which cohesion policy needs to respond to the challenges of meeting the objectives of the Lisbon strategy and the future EU 2020 strategy.

2. Studies commissioned by Parliament

- The future of cohesion policy after 2013, European Parliament, Policy Department for Structural and Cohesion Policies, PE 408.970, February 2009
- An analysis of value added in the context of EU structural financing, European Parliament, Directorate-General for Internal Policies, PE 419.107, June 2009

The rapporteur will draw attention to the increased role of the regions in the future construction of Europe, offering a close analysis of the related problems in the context of globalisation and the economic crisis.

3. Commission's progress reports

- Fourth report on economic and social cohesion, COM(2007)273
- Fifth progress report on economic and social cohesion - Growing regions, growing Europe - COM(2008)371

- Sixth progress report on economic and social cohesion - Creative and innovative regions - COM(2009)295

The Commission's reports present the impact of cohesion policies at national and regional level, as well as the essential role of certain sectors in economic reconstruction in the context of regional development.

4. Commission communications

- COM(2009)617 - 20th annual report on implementation of the Structural Funds (2008)
- COM(2008)301 - Results of the negotiations concerning cohesion policy strategies and programmes for the programming period 2007-2013
- COM(2009)647 - Commission working document - Consultation on the future 'EU 2020' strategy

The reduction of regional inequalities has been a key concern for the EU, as a condition for enhancing competitiveness and progress in the knowledge economy. The National Strategic Reference Frameworks set out the priorities and needs of the Member States benefiting from this type of policy.

5. Also presented will be data from the European Investment Bank, indicating the areas for which the regions and Member States have taken out loans.
6. Careful analysis will also be made of opinions of the Committee of the Regions and the European Economic and Social Committee.

Included, additionally, in the subsequent stages going up to finalisation of the report, will be data and analyses relating to the use of the Structural Funds and the Cohesion Fund over the programming period 2007-2013 (to be published by the Commission),

7. The Global Competitiveness Report 2009–2010 (World Economic Forum)

The Global Competitiveness Report contributes to a better understanding of the factors that determine economic growth, and explains why some countries succeed more than others in raising their citizens' income levels and enhancing their opportunities. It defines global competitiveness in terms of a set of institutions, policies and factors that determine a country's level of productivity. The authors argue that there are twelve factors that influence global competitiveness, and analyse them for each country.

Particular attention is paid to the following:

- Commission staff working document REGIONS 2020 – An assessment of future challenges for EU regions, SEC(2008)

- *The Future of Cohesion Policy in Richer Regions (Iain Begg)* - a series of short papers on regional research and indicators produced by the Directorate-General for Regional Policy, March 2009

Methodology

On the basis of the data and information obtained from the analysis of the documents referred to above, and recalling that a number of reports on the subject of cohesion are currently being examined by the Committee on Regional Development, the rapporteur will analyse:

- 1) the relationship between cohesion policy, its content and the EU's global competitiveness;
- 2) the need to enhance economic competitiveness and sustain it by means of an appropriate infrastructure, having similar characteristics throughout the EU's regions and forming a pillar of global competitiveness.

The point of departure will be an analysis of the priorities defined by the twelve new Member States in their National Strategic Reference Framework and the main areas for which they have requested financing from the Structural Funds and the Cohesion Fund and EIB loans. Also included will be details relating to the circumstance that the regions of eastern and southern Europe are those most affected by globalisation and the economic crisis.

With a view to meeting these challenges and contributing to EU 2020 and the enhancement of the Union's global economic competitiveness, the rapporteur will present a number of proposals concerning means in which cohesion policy can in future help sustain economic and social development in the EU.

Context

Regional inequalities are one of the main problems affecting the enlarged EU, in the context of globalisation, climate change and a falling population. By 2020, as the document COM (2009)647 states, it is the Union's aim to achieve a new sustainable market society and a smarter and greener economy, where innovation generates prosperity on the basis of more intelligent resource use and knowledge is the driving motor.

The context of the report is supplied by the following two factors:

1. The construction of Europe's future will depend on the continued existence of a common and cohesive basis ensuring development via the reduction of regional inequalities and the promotion of key priorities. These need to be **specific** to each region, given that the enlarged EU includes varying levels of development and, therefore, varying needs. Cohesion policy must ensure a flexible framework, adapted to the different points of departure and to regional and national specificities, with a view to encouraging development on a complementary basis, alongside the most efficient resource use possible. It will also be necessary to ensure a proper balance between creativity and innovation policy and other policies.

2. The EU's global competitiveness can be ensured by identifying limits and constraints and proposing realistic perspectives for development which can enable the Union to set an example on the world stage.

Initial proposals to be considered

In this working document, the rapporteur has set out the framework which he proposes for his report.

The following aspects will here be crucial:

- presentation of the criteria employed at world level to evaluate economic competitiveness;
- presentation of the priorities and key areas for each of the twelve new Member States which have requested financing from the Structural Funds and Cohesion Fund and EIB loans;
- correlation of regional and national needs in the field of infrastructure development, with the objective of boosting Europe's economic competitiveness as a pillar of global competitiveness;
- proposals for a number of elements of future cohesion policy at European level in the context of EU 2020.

Rapporteur's initial positions

The rapporteur's view is that the programming period 2007-2013 has shown, through the priorities established by the beneficiary countries of cohesion policy, that infrastructures are seen by the twelve new Member States as a sine qua non for boosting economic competitiveness. The areas for which EIB loans have been requested are infrastructures, the environment and social and economic development. The rapporteur further considers that there is still a need for more investment in infrastructures, especially in the present circumstances in which those Member States' regions have been the most affected by the crisis, while also being those most vulnerable to globalisation. Development can only occur in those regions if they acquire the infrastructures needed to ensure accessibility and social and educational facilities of the standards common to all citizens of the Union. Close attention will be paid to the means of ensuring continued protection of the environment and sustainable development.

Procedure

This working document will be discussed at the meeting of the Committee on Regional Development to be held on 17 and 18 March 2010.

The rapporteur invites all members of the committee to participate actively in the debate on this working document and to forward him their own ideas, opinions and proposals.

A full analysis will be offered in the draft report.