Press release

Don't fragment EU regional spending, warns Regional Development Committee

Committees: Committee on Regional Development

Fragmenting EU regional ("cohesion") policy spending along sector-specific lines, such as climate, energy or transport, would "undermine the tried and tested principle of multi-level governance and jeopardise the regions' contribution to the achievement of EU 2020 objectives", warned the Regional Development Committee on Thursday, with a view to forthcoming Commission budget proposals.

The core components of the EU 2020 strategy (innovation, education and training, energy, environment, employment, competitiveness, skills and combating poverty), already form an integral part of EU regional policy, stresses an own-initiative report on the future of cohesion policy, drafted by Markus Pieper (EPP, DE) and voted by the committee on Thursday.

Keep the same budget

Regional policy under the EU's next long-term budget (2014-2020) should get at least as much funding as it does under the present one, MEPs say, if it is to play its role in reducing development disparities (some of which are growing) among regions. Anticipating a forthcoming Commission's proposal for a "common strategic framework", MEPs advocate integrating spending under the various EU "structural" funds (funding regional development and social measures) by introducing common eligibility rules for funding and allowing for multi-fund planning.

New funding category for "transitional" regions

For the next long-term budget, the committee suggests setting up an "intermediate category" of regions, so that regions with the same GDP could be treated in the same way, irrespective of their past eligibility status (today, regions that were once eligible for EU "convergence" aid still get more aid than those that were not, despite having the same GDP). "Some 36 regions will benefit from this" said Constanze Krehl (S&D, DE). The measure, approved in committee with 27 votes in favour, 10 against, and 0 abstentions, would be likely to benefit regions particularly in France, Spain, Italy, Germany the UK and Belgium.

However, rapporteur Markus Pieper (EPP, DE) was puzzled that the Commission had backed the new funding category the idea. He feels that the current procedure for phasing out funding as regions become more prosperous is sufficient.

MEPs oppose macro-economic funding conditions

The committee clearly rejects conditions that would require Member States to undertake fundamental social and economic reform - "all conditionalities should fully respect the principles of subsidiarity and partnership", they stress.

Development and investment partnership funding should nonetheless be subject to specific conditions, to be decided by the Commission and Member States, say MEPs. The committee suggests that these conditions could include a requirement to implement existing EU legislation in full (e.g. on price regulation, tendering procedures, transport, and health and the environment).

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Connect regions across borders…

Cross-border, inter-regional and trans-national co-operation efforts need to be stepped up at all EU internal borders, and to this end, the share of structural funds allocated to these efforts should be increased to 7%, said the committee.

…but don't fund relocation

The EU should support large, private firms investing in research and development, even indirectly through infrastructure financing, says the committee. However, the report also calls for clear rules to prevent the EU funding the relocation of firms within the Union. Where necessary, these rules should bar large companies from receiving direct subsidies, adds the report. Support for small and medium-sized enterprises (SMEs) in the EU "must be strengthened in light of the key role they can play in the implementation of the EU 2020 Strategy", MEPs add.

In the chair: Danuta Hübner
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