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## REPORT

on the Commission's Annual Report 1998 on the Cohesion Fund  
(COM(1999) 483 – C5-0326/1999 – 1999/2212(COS))

Committee on Regional Policy, Transport and Tourism

Rapporteur: Carlos Ripoll i Martínez Bedoya



## CONTENTS

	<b>Page</b>
PROCEDURAL PAGE .....	4
MOTION FOR A RESOLUTION.....	5
EXPLANATORY STATEMENT .....	9
OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY.....	15
OPINION OF THE COMMITTEE ON FISHERIES .....	18

## PROCEDURAL PAGE

By letter of 15 October 1999, the Commission forwarded to Parliament its Annual Report 1998 on the Cohesion Fund (COM(1999) 483 –1999/2212(COS)).

At the sitting of 17 December 1999 the President of Parliament announced that she had referred this report to the Committee on Regional Policy, Transport and Tourism as the committee responsible and to the Committee on Industry, External Trade, Research and Energy, the Committee on Fisheries and all interested Committees for their opinions (C5-0326/1999).

The Committee on Regional Policy, Transport and Tourism had appointed Carlos Ripoll i Martínez Bedoya rapporteur at its meeting of 24 November 1999.

It considered the Commission's Annual Report and the draft report at its meetings of 18 April 2000 and 23 May 2000.

At the latter meeting it adopted the motion for a resolution by 39 votes to 0, with 1 abstention.

The following were present for the vote: Konstantinos Hatzidakis, chairman; Emmanouil Mastorakis, Helmuth Markov and Rijk van Dam, vice-chairmen; Carlos Ripoll i Martínez Bedoya, rapporteur; Pedro Aparicio Sánchez (for Danielle Darras), Sir Robert Atkins, Elspeth Attwooll, Emmanouil Bakopoulos, Rolf Berend, Theodorus J.J. Bouwman, Martin Callanan, Carmen Cerdeira Morterero, Luigi Cocilovo (for Philip Charles Bradbourn), Thierry Cornillet (for Luigi Cesaro), Alain Esclopé, Jacqueline Foster (for Francis F.M. Decourrière), Mathieu J.H. Grosch, Ewa Hedkvist Petersen, Juan de Dios Izquierdo Collado, Georg Jarzembowski, Dieter-Lebrecht Koch, Caroline Lucas (for Reinhold Messner), Erik Meijer, Rosa Miguélez Ramos, James Nicholson (for Dana Rosemary Scallon), Juan Ojeda Sanz, Josu Ortuondo Larrea, Karla M.H. Peijs, Samuli Pohjamo, Reinhard Rack, Marieke Sanders-ten Holte (for Paolo Costa), Gilles Savary, Brian Simpson, Renate Sommer, Dirk Sterckx, Ulrich Stockmann, Helena Torres Marques (for Wilhelm Ernst Piecyk), Joaquim Vairinhos, Mark Francis Watts and Jan Marinus Wiersma (for Demetrio Volcic).

The opinions of the Committee on Industry, External Trade, Research and Energy and the Committee on Fisheries are attached.

The report was tabled on 26 May 2000.

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

## MOTION FOR A RESOLUTION

### European Parliament resolution on the Commission's Annual Report 1998 on the Cohesion Fund (COM(1999) 483 – C5-0326/1999 – 1999/2212 (COS))

*The European Parliament,*

- having regard to the Commission's Annual Report 1998 on the Cohesion Fund (COM(1999) 483 - C5-0326/1999)<sup>1</sup>,
  - having regard to Council Regulation (EEC) No 1164/1994 of 16 May 1994 establishing the Cohesion Fund<sup>2</sup>,
  - having regard to the Court of Auditors' Annual Report covering the financial year 1998<sup>3</sup>,
  - having regard to its resolutions of 13 April 1999<sup>4</sup>, 28 May 1998<sup>5</sup>, 26 June 1997<sup>6</sup>, 19 April 1996<sup>7</sup> and 29 June 1995<sup>8</sup> on the annual reports of the Commission on the Cohesion Fund and the cohesion financial instrument,
  - having regard to Rule 47(1) of its Rules of Procedure,
  - having regard to the report of the Committee on Regional Policy, Transport and Tourism and the opinions of the Committee on Industry, External Trade, Research and Energy and the Committee on Fisheries (A5-0140/2000),
- A. whereas according to Article 2 of the EU Treaty and Article 2 of the EC Treaty, the Community shall promote economic and social progress which is balanced and sustainable, in particular through the strengthening of economic and social cohesion, alongside the completion of the single market and the establishment of economic and monetary union,
- B. whereas the Cohesion Fund provides financial contributions to projects in the fields of the trans-European transport infrastructure networks and the environment in Member States with a per capita gross national product, measured in purchasing power parities, of less than 90% of the Community average,

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<sup>1</sup> OJ C, not yet published.

<sup>2</sup> OJ L 130, 25.5.1994, p.1

<sup>3</sup> OJ C 349, 3.12.1999, p. 7

<sup>4</sup> OJ C 219, 30.7.1999, p. 41

<sup>5</sup> OJ C 195, 22.6.1998, p. 52

<sup>6</sup> OJ C 222, 21.7.1997, p.55

<sup>7</sup> OJ C 141, 13.5.1996, p. 265

<sup>8</sup> OJ C 183, 17.7.1995, p.36

- C. whereas the economic disparities between the regions and Member States of the European Union are having an adverse effect on the pace of economic development,
  - D. whereas the purpose of the Cohesion Fund is to contribute to economic and social cohesion and to reduce social and regional disparities, with regard to solidarity between the Member States,
  - E. whereas one of the objectives of the Cohesion Fund is to support the Member States in fulfilling the convergence criteria and whereas, for this reason, it is subject to a conditionality clause,
  - F. whereas the difference between nominal and real convergency should be taken into account when estimating the economic situation and development in a Member State,
  - G. whereas the Annual Report in question covers the Cohesion Fund decisions taken during 1998 and describes its operation and activities,
  - H. whereas the year 1998 was the penultimate year of the Cohesion Fund operations under the programming period 1994-1999,
  - I. whereas the Cohesion Fund continues its operation in the current programming period 2000-2006,
  - J. whereas enlargement will provide new challenges for social and economic cohesion and whereas the accession of applicant countries will have far-reaching implications for the current beneficiaries of the Cohesion Fund,
1. Considers that the Cohesion Fund Annual Report gives a comprehensive overview of the operation and activities of the Fund in 1998;
  2. Appreciates the results achieved so far with the help of the Cohesion Fund in the fields of transport and the environment; expresses its satisfaction at the considerable rate of jobs created in connection with the Cohesion Fund projects;

#### **Managing the financial assistance and projects and measures adopted**

3. Welcomes the full implementation of the Cohesion Fund commitment and payment appropriations of the final budget for the year 1998 and the otherwise satisfactory budgetary development;
4. Notes with satisfaction that no case of fraud was detected in 1998;
5. Supports the development towards more investment for the railways, ports and maritime transport, which should balance the investment allocated to the road sector; Reiterates its request that greater attention should be paid to sustainable modes of transport including multimodal transport connections and combined transport;
6. Calls for priority to be given, in the allocation of transport-related Cohesion Fund investment during the 2000-2006 period, to investment intended to facilitate the

integration of outlying regions into the trans-European rail network;

7. Notes that, in the environmental field, assistance continues to concentrate on the water sector, namely the abstraction and distribution of drinking water and waste-water treatment, whereas, in many cases, there is a need for other measures to preserve, protect and improve the quality of the environment and to achieve prudent and rational utilisation of resources as laid down in Article 174 of the EC Treaty (reafforestation, land reclamation etc.);
8. Considers that substantial investment is required to deal with the serious problem of treating waste and refuse and proposes that incentives for using the most modern, environmentally-friendly and efficient existing technology should be provided;
9. Calls for the resources available for environmental projects to be able to be used in addition for financing projects for the conservation and long-term assessment of biodiversity;
10. Urges the Commission to ensure that, if various alternatives exist for one and the same project, preference is given to those which have least impact on the environment;

#### **Monitoring, evaluation and control**

11. Considers that with more than 80% of the Cohesion Fund's resources committed to individual projects, monitoring and follow-up of decisions from earlier years must be efficient; welcomes the fact that verification and monitoring visits by the Commission became more frequent in 1998;
12. Is surprised by the fact that it has taken five years to produce a study on the socio-economic effects of the Cohesion Fund assistance; is disappointed that the final report was still not available when the Annual Report 1998 went to press; calls on the Commission to submit the final report to the Parliament;
13. Calls for consistency between structural policies and the Cohesion Fund through the incorporation of the actions financed by means of the Cohesion Fund into Structural Fund regional planning; calls on the Commission to forward to Parliament a study on the way in which Cohesion Fund investment is distributed internally within the eligible Member States and on consistency between the application of the fund and the Structural Fund objectives concerned with regional balance;
14. Welcomes the inclusion of descriptions of *ex post* evaluations in the Annual Report, as proposed by Parliament;

#### **Information and publicity**

15. Is preoccupied by the fact that the Annual report for 1998 was only presented in October 1999; considers that late presentation of Annual Reports hinders the early detection of problems and, as a result, the recommendations and modifications cannot

take effect as early in the programming period as would be preferable;

16. Considers that the form employed by the Commission to provide information on the activities of the Cohesion Fund in the Annual Report has developed satisfactorily over the years;
17. Congratulates the Commission on the efficient use of the special budget line, initiated by Parliament, for information and publicity measures to encourage environmental practice in pursuit of a policy geared to sustainable development;

#### **Continued solidarity towards the Cohesion Countries**

18. Acknowledges that the Cohesion Fund makes a significant contribution to promoting development in the beneficiary countries and encourages the Commission to continue its efforts to guarantee a well-functioning and efficient Cohesion Fund in the new programming period;
19. Emphasises the fact that the importance of diminishing economic disparities between the current Member States and their regions will remain important in the future;
20. Considers that the forthcoming enlargement is a great challenge for the Union and that necessary preparations in the areas of transport and the environment will need to be made in the framework of the Structural Instrument for Pre-Accession (ISPA);
21. Reminds the Commission and the Member States concerned of the importance of the fisheries sector and of the need to take this into account when evaluating the projects undertaken.
22. Instructs its President to forward this resolution to the Council and the Commission.



## **EXPLANATORY STATEMENT**

The Cohesion Fund was established by Article 130d of the Treaty of Maastricht (now Article 161 EC). The provisional cohesion financial instrument preceded the Cohesion Fund. The Cohesion Fund was set up in May 1994 by a Council Regulation on which the assent of the Parliament had been obtained. Since then the Cohesion Fund has provided broadly equal amount of finance in the fields of trans-European transport networks and the environment. The four beneficiary countries, Greece, Spain, Ireland and Portugal, have made progress in terms of real convergence but none has reached the threshold of a GNP of at least 90% of the Community average.

As regards transport infrastructure, the Cohesion Fund operations focus on the development of major projects, in particular road and rail networks, while the environment projects are mainly urban waste water treatment, supplies of drinking water and the treatment of waste.

### **Impact of the cohesion policy**

In the 1980s, once Greece, Portugal and Spain had joined the Community, the economic need and political will to reduce disparities in development and living standards clearly emerged. Budget resources allocated to European cohesion policy have grown steadily since 1989.

Between 1986 and 1996, the four poorest countries of the European Union - Greece, Portugal, Spain and Ireland - succeeded in raising their per capita incomes from two-thirds to three-quarters of the Community average. The most striking example of this economic recovery is undoubtedly shown by Ireland where per capita GDP increased from 64% of the Community average in 1983 to 80% in 1993, and went on to reach 90% by 1995.

Between 1989 and 1993, the Community's Structural Funds contributed 0.5% (out of a total of 2.2%) each year to the growth of the cohesion four (Greece, Ireland, Portugal and Spain). As the Funds' resources were substantially increased for the programming period 1994-1999, the Community contributed even more to boosting growth in these countries. Structural Fund spending also enabled the creation of 8% of these countries' fixed capital formation during the period 1989-1993 - a figure that could rise to 14% for the period 1994-1999.

## Growth of GDP in the Cohesion countries

		<b>EL</b>	<b>E</b>	<b>IRL</b>	<b>P</b>
Annual average % change in GDP	91-96	1.0	1.3	7.1	1.8
	96-99	3.8	3.6	9.2	3.8
GDP per head (PPS) EUR 15=100	1991	60.1	78.7	74.7	63.8
	1992	61.9	77.0	78.4	64.8
	1993	64.2	78.1	82.5	67.7
	1994	65.2	78.1	90.7	69.5
	1995	66.4	78.6	96.8	70.1
	1996	67.5	78.7	96.5	70.5
	1997	69.2	77.8	96.4	70.7
	1998	68.6	78.6	102.1	71.1
	1999	69.3	79.6	105.1	71.8

Source: Commission 1999

## Activities of the Cohesion Fund in 1998

The Commission Annual Report in question covers Cohesion Fund decisions taken during 1998 and describes its operation and activities. The year 1998 was the Cohesion Fund's sixth year of operation in the four beneficiary countries and the penultimate year of Cohesion Fund operations under the programming period 1994-1999. The strategy employed in previous years was not substantially altered.

In 1998, the European Union's Cohesion Fund committed ECU 2 871 million, to projects in the transport infrastructure and environment sectors in Greece, Spain, Ireland and Portugal. In the sixth year of the Fund's operation, commitments for new projects diminished with assistance mainly being concentrated on projects approved in previous years; the work of the Fund mainly involved managing and monitoring the progress of these projects. The Commission's aim is to divide the available assistance equally between the transport and environment sectors over the period 1993-99.

## Allocations by sector

<i>All recipients</i>	<b>1993 - 1998</b>		<b>1998</b>		<b>Total 1993 - 1999</b>	
	<i>€million</i>	<i>%</i>	<i>€million</i>	<i>%</i>	<i>€million</i>	<i>%</i>
<b><i>Environment</i></b>						
Drinking water	2142.6	15.7	468.2	16.3	2576.5	15.4
Waste water	2881.3	21.2	735.7	25.6	3817.8	22.8
Solid waste	755.1	5.5	217.5	7.6	948.8	5.7
Control of erosion and afforestation	587.3	4.3	70.9	2.5	622.7	3.7
Other	452.5	3.3	42.1	1.5	458.4	2.7
<b>Total</b>	<b>6818.8</b>	<b>50.1</b>	<b>1534.4</b>	<b>53.5</b>	<b>8424.2</b>	<b>50.3</b>
<b><i>Transport</i></b>						
Roads	4360.9	32.0	570.1	19.9	4706.1	28.1
Railways	1860.7	13.7	613.1	21.4	2819.2	16.8
Airports	351.4	2.6	139.2	4.8	496.2	3.0
Ports	191.3	1.4	10.3	0.4	237.2	1.4
Air traffic control systems	37.9	0.3	1.5	0.0	37.9	0.2
Other	0	0.0	0	0.0	29.1	0.2
<b>Total</b>	<b>6802.2</b>	<b>49.9</b>	<b>1334.6</b>	<b>46.5</b>	<b>8325.7</b>	<b>49.7</b>
<b><i>Total contribution</i></b>	<b>13621</b>	<b>100</b>	<b>2869</b>	<b>100</b>	<b>16749.9</b>	<b>100</b>

Source: Commission 1999, 2000

## Conditionality, budgetary implementation and financial management

The beneficiary countries must avoid excessive government deficits and have a programme leading to the fulfilment of the conditions of economic convergence for the third stage of economic and monetary union. In 1998, all beneficiary countries had complied with Council recommendations on the conduct of fiscal policy. Ireland was not in an excessive deficit position and in May 1998, the Council decided that Spain and Portugal were no longer in an excessive deficit position. The Commission was able to continue financing from the Cohesion Fund in favour of all four countries.

The year 1998 was again a successful year for budgetary implementation: commitment and payment appropriations of the final budget were fully implemented. From 1993 to the end of 1998, the Cohesion Fund committed 81% of its overall allocation. During these six years, the assistance committed has fallen in the middle of the proposed target ranges (Spain: 52-58%, Greece & Portugal: 16-20% each, Ireland: 7-10%). From 1993 to 1998, transport accounted for 49.9% of commitments and the environment sector for 50.1%. The aim was to achieve a balance between the two sectors in each individual country by end of 1999.

In 1998, no case of fraud was discovered and reported by the Member States to the Commission anti-fraud unit (UCLAF). The Court of Auditors' points out that until 1998, neither the Commission nor the relevant Member State had checked the closure of Cohesion Fund projects systematically.

## Evaluation

The Cohesion Fund has enabled the beneficiary countries to maintain a major public investment effort in the two areas of shared interest, while at the same time meeting the budget-deficit-reduction targets set in the convergence programmes for economic and monetary union.

In 1995, the London School of Economics was commissioned to develop economic methodologies, including econometric modelling, to estimate the socio-economic impact of the Cohesion Fund. It was found that a close link between public and private investment had a positive effect on employment over the long term, and that there were significant employment effects of investment assisted by the Cohesion Fund over the short and medium term. The impact of Cohesion Fund-assisted investments over the period 1993-1998 was estimated to be nearly 400 000 jobs created in the short term. Unfortunately, the full publication of the study was delayed and was foreseen for 1999.

According to the *ex post* evaluations of **transport** projects, the general aims described in the applications for Cohesion Fund assistance were achieved and no significant delays were noticed in implementation of the projects evaluated. The forecasted costs of the projects were generally quite close to the final costs. However, direct impacts on job creation were significant during the construction period, but permanent direct effects were generally small. According to the *ex post* evaluations of **environmental** projects, the projects analysed were in general found to have been beneficial to the local population and the environment for the project area. The projects have also produced positive economic externalities as a consequence of the positive environmental effects. Some projects have indirectly increased land values and stimulated economic development, prompting new activities and employment.

### The most important developments per Member State

#### Greece

In 1998, the Cohesion Fund allocated around ECU 517 million to projects in Greece, of which 59.4% was for transport projects and 40.6% for environmental projects.

In 1998, the Commission approved nine new projects, seven of which were in the **environment sector**. The Cohesion Fund has undertaken to improve water supplies to the Greater Athens area by financing a series of projects at a total cost of ECU 125 million. A project concerning protection of the natural environment and forests, which was granted ECU 32 million, will make an important contribution to the protection of ecosystems and combating forest fires.

In the **transport sector**, the European Commission approved Cohesion Fund assistance totalling ECU 45 million to the Pathe and Egnatia motorways, two of the 14 Trans-European Networks priority projects.

#### Spain

In 1998, the Cohesion Fund allocated a total of some ECU 1 576 million to projects in Spain, of which 44.7% went on transport projects and 55.3% to environmental projects.

Assistance for the **environment** concentrated on urban wastewater drainage projects, with ECU 152 million being allocated to treatment plants or integrated drainage systems. In addition, ECU 31 million was granted to projects, which had been approved previously in order to assist in the completion of treatment systems. In the sector concerned with the supply of drinking water, ECU 120 million was allocated to the construction of reservoirs and supply networks, and ECU 40 million was earmarked for a satellite system to monitor the quantity of water available in the Guadiana basin. ECU 50 million was allocated to two important waste treatment projects: one in Barcelona (Catalonia) for the treatment of solid urban waste and the other in Valladolid (Castilla-Leon) for construction of a plant to recover and compost solid waste. Two projects to combat erosion were also implemented, one to improve the river Genil in Andalusia, and the other to restore the banks of the Guadiana in Extremadura and protect against flooding.

In the **transport sector**, priority was accorded to rail infrastructure, through the financing of three new sections of the Madrid to Lleida stretch (470 km) of the TGV line from Madrid to Barcelona and the French border. The grant amounts to ECU 636 million, of which ECU 148 million was approved for this year. Furthermore, ECU 81 million was approved for a project to provide underground train accesses to Barajas airport (Madrid), a main gateway to the trans-European network.

### **Ireland**

In 1998, the Cohesion Fund provided assistance worth ECU 259 million to projects in Ireland. Of this amount, 45% was allocated to transport projects and the remaining 55% to environmental projects.

The bulk of this assistance was allocated to major projects with multiannual budgets and to later stages of major projects approved in previous years. Very few **new** projects received funding in 1998 and **all** were in the **environment** field.

In the second part of the year, the Commission granted ECU 47 million to new environmental projects and to further stages of earlier projects. These include wastewater treatment projects and drainage systems. Assistance was also provided for water-conservation projects.

### **Portugal**

In 1998, the Cohesion Fund allocated ECU 518 million to projects in Portugal, of which 40% was provided for transport infrastructure projects and 60% for environmental projects.

One of the **environmental projects**, which received funding, is the development of an integrated system for the management of wastewater from the town of Setúbal and the surrounding basin. The project was allocated EU financing worth ECU 18 million, amounting to a part-financing rate of 85%. This assistance will prevent waste water overflowing into water-courses in the area and so will assist in achieving compliance with Directive 91/271/EEC (the Waste Water Directive).

In the **transport sector**, one of the projects to receive funding is the last section of the motorway from Oporto to Valença, which has been allocated ECU 38 million in assistance. This project involves the construction of 20.8 km of motorway between Ponte de Lima and Valença, part of the connection from Lisbon and Oporto to the Spanish region of Galicia.

Construction of this section will complete the first continuous motorway link between Portugal and Spain.

### **Concluding remarks**

Economic and social cohesion must remain an essential objective of the Union. The Cohesion Fund is still needed to provide a means of achieving the Union's objectives of promoting cohesion and solidarity amongst the Member States in the fields of trans-European transport networks and the environment.

The transport problems in island, peripheral and isolated regions need to be taken into account. The Treaty establishes a clear priority on which Community action on trans-European transport networks should be based: namely, the need to link island, landlocked and peripheral regions with the central regions of the Community. Developing a transport network that supports the cohesion with special emphasis on remote and peripheral regions must remain a priority and continue to be supported by the Cohesion Fund.

A high level of protection and improvement of the quality of the environment is also an important objective of the Union. The Cohesion Fund contributes significantly to sustainable environmental conditions. The cohesion countries have been able to implement several important environmental directives as a result of the Cohesion Fund projects.

The forthcoming enlargement of the Union is a great challenge. Economic and social cohesion will become ever more important in an enlarged Union. It is, however, important that efforts to diminish economic disparities between the current Member States and their regions will continue even in the enlarged Union.

23 May 2000

## **OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY**

for the Committee on Regional Policy, Transport and Tourism

on the Annual Report on the Cohesion Fund (1998)  
(COM(1999) 483 – C5-0326/1999 – 1999/2212(COS))

Draftsman: Elisa Maria Damião

### **PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Elisa Maria Damião draftsman at its meeting of 27 January 2000.

It considered the draft opinion at its meetings of 19 April 2000 and 23 May 2000.

At the last meeting it adopted the amendments unanimously.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Renato Brunetta, Nuala Ahern and Peter Michael Mombaur, vice-chairmen; Elisa Maria Damião, draftsman; Konstantinos Alyssandrakis, Ward Beysen (for Colette Flesch), Felipe Camisón (for Concepció Ferrer), Massimo Carraro, Gérard Caudron, Nicholas Clegg, Willy C.E.H. De Clercq, Claude J.-M.J. Desama, Fiorella Ghilardotti (for Harlem Désir), Norbert Glante, Michel Hansenne, Dimitrios Koulourianos (for Robert Hue), Rolf Linkohr, Linda McAvan, Eryl Margaret McNally, Erika Mann, Marjo Tuulevi Matikainen-Kallström, Elizabeth Montfort, Angelika Niebler, Reino Kalervo Paasilinna, Yves Piétrasanta, Elly Plooi-j-van Gorsel, Samuli Pohjamo (for Astrid Thors), John Purvis, Godelieve Quisthoudt-Rowohl, Alexander Radwan (for Konrad K. Schwaiger), Daniela Raschhofer, Imelda Mary Read, Mechthild Rothe, Paul Rübig, Ilka Schröder, Esko Olavi Seppänen, Claude Turmes (for Nelly Maes), Jaime Valdivielso de Cué, Elena Valenciano Martínez-Orozco, W.G. van Velzen, Alejo Vidal-Quadras Roca, Myrsini Zorba.

## **SHORT JUSTIFICATION**

- According to Article 2 of both Treaties (EU and EC), the European Union will promote sustainable economic and social development, namely by reinforcing social and economic cohesion, side by side with the establishment of the common market and the EMU.
- The Commission has presented an extensive report that enunciates a very positive result of the Cohesion Fund. The results have had since 1993 a crucial role towards economic, regional and employment growth as well as quality of life.
- Projects in terms of the Cohesion Fund are focused on Environment and on the European Transport Network, attributed to countries with less than 90% of EU's average GDP per capita, measured in purchasing units.
- Economic and regional inequalities represent an obstacle to the rhythm of economic growth.
- Enlargement represents a challenge to Economic and Social Cohesion.
- The Cohesion Fund will operate during the 2000-6 period.
- The Cohesion Fund's budget has been fully applied in 1998 without any case of fraud detected. Most of the Budget was committed to prior projects still in progress.
- In terms of transport projects there is an increase in favour of railways.
- With the exception of Greece, all the other countries tended considerably towards environment projects, especially Portugal, mainly due to the requirements of the EU Directive on urban water residue treatment.

## **CONCLUSIONS**

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following points in its draft resolution:

1. Further investment should be promoted in sustainable transport solutions, notably by investing in multi-modal, combined and short sea transport in order to reduce land traffic. Efforts should be made to adapt existing and under-used harbour infrastructures, taking in account that there are also coastal peripheral regions where such an investment would be a catalyst towards development.
2. It is essential to evaluate the efficiency of the Cohesion Fund in terms of its permanent effects on employment and its contribution to consolidated economic growth, since the results so far have been very positive. The four countries that benefit from the Cohesion Fund have yet to reach 90% of EU's average GDP per capita, but all of them have had considerable growth since 1993 within the demands of the convergence criteria. The



Commission report states that 398 600 jobs were created due to the Fund between 1993 and 8, but the degree of its permanence and sectorial distribution was unfortunately not fully presented in this report. The evaluation results being analysed by an external entity will be known in the future. The Commission stated that 306 600 or 77% are direct employment, which included construction-related employment. Nevertheless, a long-term estimate points to direct and indirect employment creation accounted for by the Cohesion Fund. Employment growth, on this estimate, is linked to lower production costs and the infrastructure contribution to competitiveness, economic regional growth and the maintenance of the infrastructures.

3. Enlargement countries should benefit from the Cohesion Fund.
4. The correction of regional disparities by the Cohesion Fund should continue in the EU-15, under the terms of Social and Economic Cohesion. The Cohesion Fund should also participate in an integrated strategy for sustainable development in coordination with other European Funds, but only to the limits of its own objectives stated in Regulation 1164/94. In this strategy some domains should be considered:
  - a) Energy role in regional development. Energy policies may promote industry settlement in small and middle-sized cities and rural areas (the last representing 4/5 of EU's territory) in order to prevent urban concentration. The Cohesion Fund and fiscal policy may participate in correcting the disparities of access to energy whereas these isolated and distant areas may be overcharged by having small-scale demand. This is linked with a wider issue, which is the solid establishment of entrepreneurial initiative in the poorer regions to avoid urban concentration, an issue to which the European Funds should be a correction instrument.
  - b) Complementary action with other European Funds should be implemented. That action is essential to promote the diffusion of new technologies to poorer regions. In order to do so, it is needed a specific strategy of social and civil dialogue as well as the participation of research entities. Further support to SME's should also be implemented by that strategy, since these enterprises represent most of the employment and employment growth in the EU.
  - c) Internet and computer businesses are crucial to access to information and increasingly to the economy itself. Having today a major economic dynamic and an accelerated growth in users and businesses does not necessarily mean that it will have more equity than other massive innovations in the past. The role of the European Funds to the poorer regions should then be configured in the promotion of identified potentials or the correction of inequalities, particularly to ultra-peripheral regions where the development of electronic commerce, informatics qualifications and access to the Internet may prevent isolation in the future.

## **OPINION OF THE COMMITTEE ON FISHERIES**

for the Committee on Regional Policy, Transport and Tourism

on the Commission's Annual Report on the Cohesion Fund (1998) (COM(1999) 483 – C5-0326/1999 – 1999/2212(COS)) (report by Carlos Ripoll i Martínez de Bedoya)

Letter from the committee chairman to Konstantinos Hatzidakis, chairman of the Committee on Regional Policy, Transport and Tourism

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Brussels, 28 March 2000

Dear Mr. Hatzidakis,

The Committee on Fisheries considered the above subject at its meetings of 26 January, 21 February and 22 March 2000.

At the latter meeting it approved unanimously the following opinion in letter form.

As you will be aware, the Commission in its Agenda 2000 Communication, retained the priority policy goal of promoting economic and social cohesion, first introduced by the Single European Act<sup>(1)</sup> and consolidated by the Treaty on European Union into one of the three pillars of European integration.

Article 130d, second paragraph of Title XIV of the Treaty on European Union (TEU) sets up 'a Cohesion Fund to provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure'. This is the legal basis of the Cohesion Fund, complemented in Articles 129c and 130s of the TEU by provisions concerning the trans-European networks and environmental policy.

In a Protocol annexed to the Treaty, are established the deadline for setting up the Fund (31 December 1993) and the conditions which the beneficiaries must meet (per capita GDP lower than 90% of the Community average and the adoption of a convergence programme with a view to meeting the nominal convergence criteria for EMU laid down in Article 104c of the TEU). These conditions meant that the Cohesion Fund was available only for the four least developed countries of the Union at that time (Greece, Ireland, Portugal and Spain).

The Member States concerned all contain extensive coastlines and hence regions with a high dependency on fisheries.

The Commission's annual report on the activities of the Fund for 1998 provides an overview of developments since the Fund's inception in 1993 and covers the main projects related to

road, rail, and port infrastructure and waste and drinking water treatment.

No projects directly related to the fisheries sector have been adopted. However, 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.

Although fisheries areas have special problems and often a distinct economic, social and even cultural identity from the wider regions to which they belong, they undoubtedly benefit from improved port facilities, better sewage management in coastal regions and easier market access as a result of the improvement and completion of transport links, which tend to be most necessary in those peripheral regions where the industry is concentrated.

Thus, even if the Cohesion Fund is not a regional fund and as such not designed to alleviate regional disparities, its activities in regard to infrastructure and the environment can have a major impact on the fisheries sector and hence on the regions dependent upon it.

The Committee on Fisheries considers that the current report provides an opportunity to remind the Commission and the Member States concerned of the importance of this fund for the sector and regions which our Committee represents and of the need to take this into account when evaluating the projects undertaken.

This remains the position of our Committee <sup>9</sup>.

Yours sincerely,

Daniel Varela Suanzes-Carpegna

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<sup>9</sup> The following were present: Daniel Varela Suanzes Carpegna, chairman and draftsman; Rosa Miguélez Ramos, vice-chairman; Carlos Bautista Ojeda (pursuant to rule 166(3)), Niels Busk, Carmen Fraga Estévez, Pat the Cope Gallagher, Ian Stewart Hudghton, Salvador Jové Peres (for Mihail Papayannakis), Heinz Kindermann, Giorgio Lisi (for Cunha), John Joseph McCartin (for Brigitte Langenhagen), Patricia McKenna, Neil Parish (pursuant to rule 166(3)), Dominique F.C. Souchet (for Nello Musumeci) and Struan Stevenson (for Hugues Martin pursuant to Rule 153(2)).