



2023/2061(INI)

16.6.2023

DRAFT REPORT

on reshaping the future framework of EU structural funds to support regions particularly affected by challenges related to the automotive, green and digital transitions
(2023/2061(INI))

Committee on Regional Development

Rapporteur: Susana Solís Pérez

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on reshaping the future framework of EU structural funds to support regions particularly affected by challenges related to the automotive, green and digital transitions
(2023/2061(INI))**

The European Parliament,

- having regard to Articles 2 and 3 of the Treaty on European Union,
- having regard to Articles 174 to 178 and 349 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy¹,
- having regard to Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund²,
- having regard to Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund³,
- having regard to Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013⁴,
- having regard to Regulation (EU) 2020/460 of the European Parliament and of the Council of 30 March 2020 amending Regulation (EU) No 1303/2013, Regulation (EU) No 1301/2013 and Regulation (EU) No 508/2014 as regards specific measures to mobilise investments in the health care systems of the Member States and in other sectors of their economies in response to the COVID-19 outbreak [Coronavirus Response Investment Initiative]⁵,

¹ [OJ L 231 30.6.2021, p. 159.](#)

² [OJ L 231 30.6.2021, p. 60.](#)

³ [OJ L 231, 30.6.2021, p. 1.](#)

⁴ [OJ L 231, 30.6.2021, p. 21.](#)

⁵ [OJ L 99, 31.3.2020, p. 5.](#)

- having regard to the ‘Fit for 55’ package adopted by the Commission on 14 July 2021,
- having regard to Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’)⁶,
- having regard to Regulation (EU) 2023/851 of the European Parliament and of the Council of 19 April 2023 amending Regulation (EU) 2019/631 as regards strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union’s increased climate ambition⁷,
- having regard to Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC⁸,
- having regard to the Commission proposal for a Regulation amending Regulation (EU) 2019/1242 as regards strengthening the CO₂ emission performance standards for new heavy-duty vehicles and integrating reporting obligations, and repealing Regulation (EU) 2018/956 (COM(2023)0088),
- having regard to the Commission proposal for a regulation on type-approval of motor vehicles and engines and of systems, components and separate technical units intended for such vehicles, with respect to their emissions and battery durability (Euro 7) (COM(2022)0586),
- having regard to the Commission proposal for a Regulation on establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) 168/2013, (EU) 2018/858, 2018/1724 and (EU) 2019/1020 (COM(2023)0160),
- having regard to the Commission communication of 1 February 2023 entitled ‘A Green Deal Industrial Plan for the Net-Zero Age’ (COM(2023)0062),
- having regard to the Commission report of 30 January 2023 entitled ‘European Structural and Investment Funds 2022 Summary report of the programme annual implementation reports covering implementation in 2014-2020’ (COM(2023)0039),
- having regard to the Commission communication of 4 February 2022 entitled ‘on the 8th Cohesion Report: Cohesion in Europe towards 2050’ (COM(2022)0034),
- having regard to the Eurostat regional yearbook – 2022 edition,
- having regard to the Commission’s Digital Economy and Society Index (DESI) 2022,

⁶ [OJ L 243, 9.7.2021, p. 1.](#)

⁷ [OJ L 110, 25.4.2023, p. 5.](#)

⁸ [OJ L 63, 28.2.2023, p. 1.](#)

- having regard to the Commission staff working document on the territorial just transition plans (SWD(2021)0275),
 - having regard to the OECD report of February 2023 entitled ‘Regional Industrial Transitions to Climate Neutrality’⁹,
 - having regard to the opinion of the European Committee of the Regions of 13 July 2022 entitled ‘Towards zero emission road transport: Deploying alternative fuels infrastructure and strengthening CO₂ emission performance standards’¹⁰,
 - having regard to the opinion of the European Committee of the Regions of 12 October 2022 on ‘Just and Sustainable Transition in the context of the coal and energy intense regions’¹¹,
 - having regard to the opinion of the European Committee of the Regions of 12 October 2022 on ‘Digital Cohesion’¹²,
 - having regard to the opinion of the European Committee of the Regions of 10 October 2023 on ‘A Just and Sustainable Transition for Automotive Regions’¹³,
 - having regard to the EU’s annual report on the state of regions and municipalities, published on 11 October 2022 by the Committee of the Regions,
 - having regard to its resolution of 15 September 2022 entitled ‘on economic, social and territorial cohesion in the EU: the 8th Cohesion Report’¹⁴,
 - having regard to the study entitled ‘Cohesion Policy in EU Coal Regions’ published by its Directorate-General for Internal Policies on 31 January 2023,
 - having regard to the study entitled ‘The Future of the EU Automotive Sector’ published by its Directorate-General for Internal Policies on 30 September 2021,
 - having regard to the study entitled ‘A Just Transition Fund – How the EU budget can best assist in the necessary transition from fossil fuels to sustainable energy’ published by its Directorate-General for Internal Policies on 15 April 2020,
 - having regard to Rule 54 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development (A9-0000/2023),
- A. whereas the green and digital transitions will give rise to new challenges as well as new opportunities for the economic, social and territorial cohesion of the European Union;

⁹ <https://doi.org/10.1787/35247cc7-en>.

¹⁰ OJ C 270, 13.7.2022, p. 38.

¹¹ OJ C 498, 30.12.2022, p. 36.

¹² OJ C 498, 30.12.2022, p. 39.

¹³ CDR 1449/2023.

¹⁴ OJ C 125, 5.4.2023, p. 100.

- B. whereas climate-related EU policies must be carefully crafted to take account of the significant economic, social and political impact these measures may have on regions so as to promote resilience and reduce disparities by means of targeted support and tailored strategies;
- C. whereas there are profound differences between the socioeconomic and demographic characteristics of the various regions and consequently there is no one-size-fits-all solution for all territorial and socioeconomic needs; whereas the European Structural and Investment Funds (ESIF) are the best suited EU investment tool to alleviate the burden of the twin green and digital transitions and the automotive transition on the worst-affected regions;
- D. whereas the combined use of EU budget resources from the multiannual financial framework and from the Recovery and Resilience Facility has created major difficulties for regions and local authorities in terms of policy fragmentation, administrative capacity and the complexity of planning and executing the funds programmed for the 2021-2027 period;
- E. whereas the automotive industry is undergoing a major transformation due to the adoption of zero and low-emission technologies, which will reshape business models and value chains within the sector and will entail significant employment and social changes, with patterns varying by region;
- F. whereas the current regulatory framework does not provide specific support measures and funding for European regions whose GDP is mainly generated by the automotive sector;
- G. whereas the implementation of the proposed regulation on the deployment of alternative fuels infrastructure¹⁵ should ensure the viability of the transition towards decarbonised transport systems;

Reshaping the future framework of EU structural funds

1. Reaffirms that cohesion policy should neither compensate for budgetary inflexibility nor suffer cuts due to crises, and that, as a long-term investment strategy, it should equip regions to address industrial, ecological, digital and demographic transitions;
2. Acknowledges that the green and digital transitions present significant challenges to the objective of economic, social, and territorial cohesion, which is enshrined in the treaties; is aware of the risk of widening regional disparities and a rising ‘geography of discontent’, as the necessary adjustments required by and the potential benefits of the twin transition vary greatly from one European region to another;
3. Strongly recommends the inclusion of a new policy objective on industrial transition within the EU cohesion policy beyond 2027; stresses that this objective should promote European strategic autonomy and address the adverse effects of the green and digital

¹⁵ [Proposal for a Regulation on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU of the European Parliament and of the Council \(COM\(2021\)559\).](#)

transitions, particularly focusing on mitigating the negative repercussions on employment through support and diversification of local and regional economies;

4. Considers that the EU cohesion policy beyond 2027 should follow a more differentiated and targeted approach, moving from the use of income-related criteria to determine the level of support to other criteria that also take into account regions' characteristics and future growth potential, such as the youth unemployment rate, job dependency on transition sectors and research and development investment or the existing skills gap;
5. Recommends the creation of a new 'Just Transition Fund 2.0' in the upcoming programming period after 2027, which should be endowed with more financial means, have a wider scope, focus on the appropriate NUTS level and be fully integrated in the Common Provisions Regulation¹⁶;
6. Calls on the Commission to expand the 'financing not linked to costs' approach in order to reduce reporting exercises, strengthen the focus on outcomes and impacts rather on expenditure and achieve a more efficient implementation and use of the funds;
7. Stresses the need to ensure the fair treatment of small and medium-sized enterprises (SMEs) in the distribution of the ESIF by drastically simplifying the administrative steps required to access these funds, by adapting the requirements to the size of the company and by making progress towards full implementation of the 'only once principle', which means that citizens and businesses are only required to provide certain standard information to the authorities once;

Building resilient regions: cohesion policy for a greener and digitally fit future

8. Recognises that digitalisation brings more economic benefits to developed regions, while less developed ones struggle owing to the need to shift from labour-intensive to capital-intensive technologies; stresses in this respect the key role played by local educational and research institutions in leading digital innovation hubs, noting the waste of expertise due to uncoordinated regional policies;

A just transition for the automotive regions

9. Believes that the decarbonisation of road transport must follow a well-planned strategy that ensures a smooth and socially acceptable transition for the workers and companies affected, especially those in less developed regions and regions facing demographic or territorial challenges; considers that this strategy must include a detailed plan for re-skilling workers, providing alternative employment options for people currently employed in the automotive sector and providing incentives and support to ensure that

¹⁶ [Regulation \(EU\) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy \(OJ L 231, 30.6.2021, p. 159\).](#)

new industrial plants resulting from the transition remain within the region, thereby maintaining the spillover effects in those areas;

10. Calls on the Commission to put forward the necessary proposal to ensure the continuity of the Just Transition Mechanism and that it is endowed with sufficient funds to include support for regions that are dependent on the automotive and parts-supply industry, in particular in the relevant Just Transition Fund mainstreamed within the cohesion policy, so that synergies and spillover effects can be promoted with various European funds and programmes to address the regional transformation process;
11. Considers that the just transition plans for automotive-dependent regions should follow a place-based approach and should be managed by the competent authorities on the basis of the principles of partnership and multilevel governance; emphasises, further, the need to prioritise investments in re-skilling programmes and sustainable economic diversification strategies across the whole value chain to ensure a smooth and inclusive transition for workers and local economies;
12. Suggests considering the option of implementing the transition plans using a results-based approach, comprising a group of projects to be carried out by a beneficiary to contribute to the objectives of the plans;
13. Recognises the significance of providing support to all companies in the sectors undergoing the transition, with special emphasis on SMEs, which may have limited resources to achieve the necessary transformation; stresses the importance of targeted assistance to help SMEs acquire, upgrade and maintain physical assets and infrastructure, and to invest in research and development; emphasises the need for dedicated funding programmes, capacity-building initiatives and technical assistance specifically tailored to the needs of SMEs in order to ensure their successful integration into the sector's evolving landscape;
14. Calls on the Member States to ensure an adequate and equitable ecosystem for the penetration of electric mobility and, in this regard, to provide public alternative fuel infrastructure in rural regions and regions with a low population density that are not adequately covered by private providers so as to meet the needs of the resident population; considers, in this regard, that the price of this publicly provided service should mirror the average price of the service offered by private providers in that same region or Member State;

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

EXPLANATORY STATEMENT

The European Union is currently having to tackle numerous simultaneous transformations, driven by the need to address climate change, advance digitalisation, and promote sustainable economic growth. This INI Report serves as a contribution to the future of Cohesion policy, highlighting its pivotal role in ensuring economic, social, and territorial cohesion across European regions, especially in those where the impact of the green, digital and automotive transitions is heightened. The Report delves into the challenges and opportunities presented by the industrial, automotive, ecological, digital, and demographic transitions, aiming to provide policy recommendations that will shape the future framework of EU structural funds.

The Report advocates for a continuation of the Just Transition Mechanism, which should be adapted to support sectors undergoing complete transformation as a result of policy decisions, such as the transition towards the decarbonisation of road transport by 2035, as established in the CO₂ emission performance standards for new passenger cars and new light commercial vehicles Regulation. Recognising the profound impact of the green and digital transitions on employment, the Rapporteur emphasises the importance of supporting the diversification of local and regional economies as well as the need of fostering sustainable growth.

The Report acknowledges the automotive industry is a significant contributor to industrial employment and trade, employing a total of 13.8 million Europeans and playing a vital role in the manufacturing sector. In this regard, the Rapporteur considers that in order to successfully adopt zero and low-emission technologies, financial support is crucial to facilitate investments in research, development, and innovation, as well as the necessary upgrades to physical assets and infrastructure, especially for SMEs. Specifically, she considers that this support should be targeted across the whole automotive value chain which includes manufacturing, distribution and sales but also after-market services such as maintenance services, insurance providers or fuelling stations. In this regard, the Report highlights the geographically unequal deployment of alternative fuels infrastructure so far and calls for a public-led solution to ensure the provision of these services in rural, remote and depopulated regions.

Taking into consideration the above, the Rapporteur emphasises the need for specific support measures and funding to address the challenges faced by European regions with concentrated automotive GDP value. European support can play a pivotal role in ensuring a socially acceptable and inclusive transition for workers and companies affected by the changes in the automotive sector. By supporting workforce re-skilling programs and providing alternative employment opportunities, funding support can help mitigate the social impacts of the transition. Overall, providing funding support to the automotive sector is essential to facilitate a successful transition towards decarbonised mobility, fostering sustainable growth, and simultaneously addressing climate goals, industrial competitiveness, and social well-being.

In conclusion, the Rapporteur believes that by implementing the proposed recommendations, the future framework of EU structural funds can effectively contribute to building resilient regions, promoting a greener and digitally-fit future, and fostering a just transition for automotive-dependent regions.