European Parliament
2019-2024

Committee on Regional Development

2020/2039(INI)

22.12.2020

DRAFT REPORT

on reversing demographic trends in EU regions using cohesion policy instruments
(2020/2039(INI))

Committee on Regional Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on reversing demographic trends in EU regions using cohesion policy instruments (2020/2039(INI))

The European Parliament,

– having regard to the freedom of movement of workers, which is guaranteed by Article 45 of the Treaty on the Functioning of the European Union,

– having regard to Article 174 of the TFEU on strengthening the economic, social and territorial cohesion of the Union,

– having regard to Article 107(3)(c) of the TFEU, which allows aid to be used to facilitate the development of certain economic areas, provided that this aid does not significantly affect competition ('category c' regions),

– having regard to Articles 9, 46, 47, 48 and 147 of the TFEU regarding several aspects of work and employment in the EU,

– having regard to the proposal for a regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2018)0375), and in particular Chapter II thereof on territorial development,

– having regard to its resolution of 17 April 2018 on strengthening economic, social and territorial cohesion in the European Union: the 7th report of the European Commission[1],

– having regard to its resolution of 14 November 2017 on the deployment of cohesion policy instruments by regions to address demographic change[2],

– having regard to its resolution of 15 November 2011 on demographic change and its consequences for the future cohesion policy of the EU[3],

– having regard to Article 20 of the TFEU, Regulation (EU) No 492/2011[4] and Directive 2004/38/EC[5] on the free movement of workers and their families within the Union,

– having regard to the Commission report of 17 June 2020 on the impact of demographic change,

– having regard to the ESPON report of December 2017 on the geography of new

[1] OJ C 390, 18.11.2019, p. 53.
[2] OJ C 356, 4.10.2018, p. 10.
[3] OJ C 153E , 31.5.2013, p. 9.
[4] OJ L 141, 27.5.2011, p. 1.
[5] OJ L 158, 30.4.2004, p. 77.

employment dynamics in Europe,

– having regard to the EPSON policy brief of June 2019 entitled ‘Addressing labour migration challenges in Europe: An enhanced functional approach’,

– having regard to the United Nations Department of Economic and Social Affairs, Population Division, report on World Population Prospects 2019,

– having regard to the OECD paper on Adapting to Demographic Change, prepared for the first meeting of the G20 Employment Working Group under the Japanese G20 Presidency, 25-27 February 2019, Tokyo,

– having regard to the 2016 report of the Committee of the Regions on the impact of demographic change on European regions,

– having regard to the 2018 report of the Committee of the Regions entitled ‘Addressing brain drain: The local and regional dimension’,

– having regard to Rule 54 of its Rules of Procedure,

– having regard to the opinions of the Committee on Employment and Social Affairs and the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Regional Development (A9-0000/2021),

A. whereas population distribution at local, regional and EU level, as well as its stability or change, has direct impacts on the social, economic and territorial cohesion of the EU;

B. whereas the free movement of labour is one of the ‘four freedoms’ of the European Union and its single market;

C. whereas, although the EU population has seen substantial growth in previous decades, the growth rate is now falling and the population is expected to decrease in the longer term; whereas Europe will account for less than 4 % of the world’s population by 2070, and long-term demographic trends in European regions indicate lower birth rates and ageing societies;

D. whereas the health and economic crisis generated by the COVID-19 pandemic made clear that solidarity between generations is one of the driving forces of the recovery process;

E. whereas there is a high correlation between the socio-economic conditions of a region and its brain drain/gain dynamic;

F. whereas innovation and investment in human capital are the main drivers of socio-economic and employment growth for Member States and their regions over the medium to long term;

Current challenges

General considerations

1. Underlines that the free movement of labour represents a cornerstone of EU competitiveness; notes, nevertheless, that it affects demographics, which has major implications for EU regions and their economic, social and territorial cohesion;

2. Observes in this context significant demographic contrasts at both Union and Member State level between core, metropolitan regions and periphery, often rural areas;

3. Observes that GDP per capita, income level, employment rate, fertility rate and population ageing are among the most important factors with a direct impact on demographics; notes that the current employment dynamics in particular are generating demographic flows within European regions leading to socio-spatial disparities and challenges that post-2020 cohesion policy will need to address; underlines that migration patterns from eastern, southeastern and central regions to northern and northwestern regions mostly involve young, educated and skilled workers;

4. Points out that Europe is manifestly experiencing population ageing, affecting the dependency ratio and having negative effects on workforce growth, which is far behind the previous decade; warns of a visible decline of the labour force in eastern, southern and central European regions;

5. Points to the ongoing COVID-19 health crisis and the possible medium- and long-term implications for labour market dynamics; underlines that self-isolation and social distancing measures have had visible effects on production, demand and trade, reducing economic activity and leading to higher levels of unemployment, a sharp decline in corporate incomes, and higher public deficits;

Local and regional dimensions

'Sending' regions

6. Notes that in general rural, post-industrial and remote areas are facing a number of specific situations: a considerable decline in population numbers, lower than national or EU average levels of income and difficulties of territorial integration with other regions, making them more exposed to the risk of depopulation; points out that rural regions currently account for 28 % of Europe's population but this is predicted to fall significantly in the future;

7. Draws attention to some of the drivers of demographic change, forcing inhabitants from the abovementioned areas to leave and discouraging others from moving there: poor infrastructure, including a lack of fast broadband internet and missing transport networks, fewer job opportunities, lack of public services and difficult access to health services, fewer education opportunities, making it more difficult to adapt to technological change, and a lack of cultural venues and leisure activities;

8. Stresses that this lack of diversification in the regional economic structure of certain regions risks creating a negative 'label', also among their inhabitants, manifesting dissatisfaction with the quality of life and the facilities and services at their disposal; highlights in this context the brain drain effect, leading to the emigration of highly

trained and qualified people from a particular region or country to another; points out, in particular, that the 'exodus' of medical staff such as doctors and nurses and teaching staff has led to a deterioration in the quality of medical care and education, making it difficult, especially in rural areas, to access high-quality care and education;

9. Is of the view that urban areas are also exposed to depopulation, with one in five cities in Europe facing population losses since 1990; notes, however, that urban shrinkage is not always a continuous linear process and can be episodic or temporary, depending on the territorial context;

10. Underlines a pattern of 'inner peripheralisation', in the sense that eastern and southern European regions report a substantially negative net population migration rate, while northern and western European regions report a substantially positive rate, receiving constantly large numbers of economic migrants;

'Receiving' regions

11. Acknowledges that the metropolitan areas around major cities register a positive migration rate, with characteristic rural-to-urban population movements, as a consequence of an increasingly urbanised concentration in employment growth patterns;

12. Notes also that regions presenting a high share of people with high levels of education are less exposed to the depopulation process;

13. Highlights that knowledge economy sectors contribute to regional development, offering high levels of social capital, networks and technology; acknowledges that innovative economic activities are typically located in technologically more advanced regions where sufficient agglomerations of 'smart' businesses are more accessible;

14. Underlines, on the other hand, that overconcentration of the population in certain urban areas has already led to side-effects, such as congestion, rising housing and transport costs, pollution, deterioration of the quality of life, and urban sprawl, as well as a significant risk of poverty and social exclusion for certain segments of the population, and thus local authorities being unable to provide services to all residents of urban areas;

15. Notes that economic migration has a direct impact on the inclusiveness of cities, requiring tailored policy responses in different territorial contexts;

Tailored responses

Improving the attractiveness of regions

16. Stresses that local and regional authorities should play a decisive role in developing territorial strategies, taking into consideration the development needs and the potential of the areas concerned**,** including the economic, social and demographic trends; points out that community-led local development strategies are a useful tool that can be used to create jobs and increase accessibility to services at local level;

17. Considers that the Urban Agenda for the EU, which identifies major priorities and

actions for improving the quality of life in urban areas could serve as a model for providing proper instruments promoting growth, integration, cooperation and innovation and tackling social challenges; insists also on developing strategies aimed at enhancing the knowledge economy and smart specialisation in European regions, including through developing knowledge networks and providing support for human capital investments;

18. Recalls the need for strategies aimed at reversing labour migration; calls on local and regional authorities to tackle the brain drain in 'sending' regions through prevention, mitigation and appropriate responses; underlines in this context that there are already several initiatives in various Member States, such as incentives for workers with highly specialised skills, aimed at turning the brain drain into a brain gain for the regions in question;

19. Stresses that the COVID-19 health crisis has affected all Member States and regions to different extents, and is likely to lead to new trends as regards demographic flows; recalls in this context that the additional resources provided through REACT-EU in order to ensure a sound and robust recovery of the EU's economy from the crisis could significantly help to keep people in employment, including through support for small and medium-size enterprises and for short-time work schemes and the self-employed;

20. Recalls that the Recovery and Resilience Facility will provide large-scale financial support to make Member States' economies more resilient and better prepared for the future, and insists that Member States should propose measures for addressing demographic change; highlights the importance of the instruments for a transition to sustainability such as the Just Transition Fund and its implementation mechanism, which aim to support the communities affected by the energy transition and avoid the risk of depopulation;

Policy recommendations

21. Reiterates the need for further simplification of cohesion policy instruments in order to allow for an easier, but at the same time sound management of financial resources and for maximising synergies among the various EU funds; emphasises the need to reduce red tape and ensure coherent legislation throughout the project implementation process;

22. Calls on the Member States to conduct the programming and implementation process of the 2021-2027 cohesion policy with full respect for the partnership principle; stresses the importance of prioritising regional needs, including as regards demographic and migration aspects and urban challenges;

23. Calls on the Member State to include demographic challenges in their national development policies and long-term strategies for sustainable development correlated with the European Semester, thus ensuring proper financing for demographic issues;

24. Calls on the regions at risk of depopulation to focus investments on universal accessibility to quality services and infrastructure and job creation; insists on investment in education, reskilling of workers, creating entrepreneurial conditions and supporting SMEs;

25. Considers it appropriate to involve regional and local authorities in long-term cooperative governance and planning initiatives at various levels; asks the Commission and the Member States to disseminate good practices on the use and benefits of this type of governance and of planning tools to support polycentric development;

26. Encourages policymakers at regional and national level to invest in the knowledge economy, as well as in providing services and incentives, to maintain high-skilled workers and to develop research centres in the different regions;

27. Recommends developing the so-called ‘oasis strategies’ focusing on the most successful, vibrant and growing sectors, by exploiting the local potential for development of the region; calls on the local and regional authorities to focus on attracting young, trained and talented workers, encouraging entrepreneurship, using local, national and EU incentives; underlines the role of the ‘silver economy’ as a policy shift for rural areas, turning the issue of population ageing into an opportunity for the development of rural areas;

28. Stresses the need for a wider territorial perspective to reinforce urban networks of second-tier cities and smaller towns, in order to harness their significant potential to buttress territorial, economic and social cohesion beyond their immediate boundaries, through greater urban-rural and regional cooperation;

29. Calls on the Commission to focus on policy coordination at EU level on issues related to functional cooperation areas at different levels, such as cross-border, macro-regional and rural-urban, to address demographic challenges;

30. Insists that investments should be focused on information and communication technology, since this has the potential to reduce the distance between the users and to attract high-skilled workers; stresses the importance of funding the development and uptake of these technologies among companies and schools in rural and isolated regions and regions in industrial transition;

31. Calls on the Commission and the Member States to support ‘magnet cities’ since they primarily contribute to the building of regional ‘growth poles’; underlines that second-tier cities play a critical role in regional development, and calls on the Member States to put in practice strategies for the harmonised development of these cities;

32. Considers that municipalities should promote ‘open innovation’ initiatives, making use of the knowledge to accelerate the innovation process and to develop a collaborative approach with relevant partners and stakeholders with a view to creating innovation ecosystems;

33. Recommends, where appropriate, the reform of education and training systems in the Member States, combined with policies to prevent a permanent brain drain from the ‘sending’ regions; insists on using local at regional advantages, as well as the development of economic and social facilities, not only to prevent the brain drain, but also to reverse this phenomenon;

34. Calls on the Commission to ensure that the initiative on the long-term vision for rural areas includes practical solution and means of support to address demographic changes;

invites the Commission, in agreement with the Member States, to propose a ‘new deal’ on demographics in the EU as a multi-level policy approach;

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

EXPLANATORY STATEMENT

The demography trends of moving from rural to urban areas, from less developed to developed national regions, from East to West and from Southern Europe to the North have a visible mark on EU society, impacting directly the lives of EU citizens and the local communities with significant effect at national, regional and local level.

The demographic decline increases the existing inequalities with a visible impact on the quality of life. It also have a direct impact on the social, economic and territorial cohesion of the EU, making eventually the EU investments unsustainable, widening the gap between more developed and poorer regions.

The ongoing COVID-19 health crisis will have medium and long-term effects on the dynamics of the labour market; the self-isolation and social distance measures have left visible effects on production, demand and trade, reducing the economic activity and leading to higher levels of unemployment and higher public deficits. Nevertheless the rapporteur is of the opinion that the current reality following the pandemic generated by COVID-19 is a turning point for the policies related to demography and it has the potential to create new opportunities to develop the rural and depopulated areas, by the fact that there is an increase in the interest of city dwellers to move to rural areas. People's priorities are changing, wanting more outdoor space and now having the opportunity and flexibility to work from home.

Demographic trends affect EU regions in a many different ways, thus there is no 'one size fits all' description of these trends; there are positive and negative effects of the population movements for both senders and receivers. The destination regions may face issues as concerns the integration of migrants, but also the advantages of receiving young and skilled workforce. While the origin regions are affected by a growing number of separate families, but benefit from the money returning to the regions.

The local and regional authorities have the important role to identify and tackle the demographic tendencies, proposing tailored solutions, in particular to address the problems of disadvantaged areas which suffer from severe and permanent natural or demographic handicaps. The most affected communities are the rural and sparsely populated areas also the post industrial areas and the regions under energy and technology transition.

The rapporteur propose the INI report structured in three main chapters which aim to present the current challenges at the local, regional and Union level, the practical solution currently used by the concerned authorities and stakeholders and finally the policy recommendations based on these findings. The report envisages different solutions such as increasing and enhancing the attractiveness of investments in those regions in terms of infrastructures and cooperation of public and private actors to deliver quality services more efficiently in sparsely populated areas and areas with extremely low population density.

The instruments proposed by the Union to reverse the negative trends have to be simple, flexible and attractive.

Beside the existing tools, the European Commission proposed new measures covered by

React EU to respond efficiently to the consequences of the COVID – 19 pandemic and the initiative for the Long Term Vision for the Rural Areas.

In particular, the rapporteur points out that the free movement of labour represents a cornerstone of European Union competitiveness. It influences nevertheless the demography, which has major implications for the EU regions and their economic, social and territorial cohesion. In this context, demographic contrasts are registered at both Union and Member States level. He observes that GDP per capita, income level; employment and fertility rates as well as population ageing are factors with a direct impact on demography.

This report focus in particular on the local and regional dimension of the decline in population in certain areas. In general rural, post-industrial and remote areas are confronted with a number of specific situations: they are experiencing a considerable decline in population numbers, they register lower than national or EU average levels of income, they experience difficulties of territorial integration with other regions, making them more exposed to the risk of depopulation; points out that the rural regions currently account 28 % of Europe's population but is predicted to fall significantly in the future.

Among other factors of demographic change, forcing inhabitants from the above mentioned areas to leave or discouraging others from moving into them, it is important to mention the lack of infrastructure, including fast broadband internet and missing transport networks, less job opportunities, difficult access to health services, fewer education opportunities which lead to more difficult adaptability to technological change challenges.

Moreover also urban areas are exposed to depopulation, with one out of every five cities in Europe facing population losses since 1990; notes however that the urban shrinkage is not always a continuous-linear process, but it can be also episodic or temporary, depending on the territorial context.

On the other hand the overconcentration of the population in certain urban areas has already led to side-effects, such as congestion, rising housing and transport costs, pollution, deterioration of the quality of life and urban sprawl, as well as a significant risk of poverty and social exclusion for certain segments of population, thus, local authorities being unable to provide services to all residents of urban areas.

The rapporteur is of the opinion that local and regional authorities have a crucial role in developing territorial strategies, taking into consideration the development needs and the potential of the areas concerned**,** including the economic, social and demographic trends; reminds that community-led local development strategies represent a useful tool which can be used to increase accessibility and job creation. The EU Urban Agenda is the right instrument to identify major priority themes and actions for improving the quality of life in urban areas.

The rapporteur underlines the need for further simplification of cohesion policy instruments in order to allow for an easier, but at the same time stresses the need of management of financial resources and for the maximisation of synergies among the various EU funds.

In this context it is important for the Commission and the Member States to disseminate the good practices on the use and benefits of this type of governance and of planning tools to support polycentric development.

Furthermore the investments in information and communication technology ICT) have the potential to reduce the distance between the users and attract high skilled workers.