

Cohesion Policy, the Lisbon Strategy and the Regional Policy Objectives

"The Future of Europe: Prospects and Challenges for
European Regions in Global Competition"

Spatial Planning and Regional Development in Europe –
Past, Present and Future –training programme

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- How are these linked?

Dual Challenge: Regionalisation or Globalisation?

- Globalisation demands strengthening of Supra-National Co-operation
 - Promote further integration
 - Strengthen the Union
- Process of “Regionalisation” in Member States
 - Growing recognition of regional & local authorities
 - Transpose Community legislation
 - Crucial Role in Bringing Union closer to Citizens

In and Out

● In:

- intersecting ‘spheres of governance’
- genuine network
- shared competences

● Out:

- hierarchical structures
- top-down approach

Foundation for EU Cohesion and Regional Policy

Art 2 and 3 of the Treaty establishing the European Community state that one of its tasks is to "promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, (...) the raising of the standard of living and quality of life, and **economic and social cohesion** and solidarity among Member States"

Foundation for EU Cohesion and Regional Policy

Moreover Art 158 and 162 on "Economic and social cohesion" explain that the Community aims to reduce disparities between the development of various regions and the backwardness of the least favoured regions or islands, including rural areas.

The Community is to support the cohesion effort through the Structural Funds. In addition the Commission reports every 3 years on the progress made towards economic and social cohesion and the report needs to propose appropriate future regional policy actions.

Main recommendations to the Convention

- Promotion of Territorial Cohesion as Objective into TEU Art 2
- Respect for Local and Regional Identity, Local Structures and Local Self-Government into TEU Art 6(3)
- Consolidation of TEU Art 299(2): Consolidation of Outermost Regions
- Respect for Linguistic Diversity

Result

- The Constitutional Treaty currently under ratification considers the Cohesion and Regional Policy as one of Union's main objectives in Art I-3 "It shall promote economic, social and territorial cohesion, and solidarity among Member States."

Result

● Furthermore, the Constitutional treaty deals with Cohesion and Regional Policy in Art III-220 - III-224:

- Art 220 on reducing disparities: “northernmost regions with very low population density”
- Art 223 states that decisions on Structural Funds and the Cohesion Fund shall be “established by a European law of the Council, acting unanimously after obtaining the consent of the European Parliament.”

Concretely, the current Treaty and the Constitution oblige the EU to act upon Cohesion and to reduce regional disparities

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How can these be achieved?

Lisbon Strategy – starting point

- Answer to the challenges of globalisation
- Programme with which to secure economic well-being of Europe
- Tool to reach social balance in Europe

Lisbon Strategy

- Central theme in all EU actions at the moment
- Links to all major EU projects and challenges, such as:
 - Budget (R&D vs. agricultural policy, rural and regional development, cohesion)
 - Accession of Turkey (economic resource or risk factor)
 - Constitution and functioning of the EU (more focused common policies, more efficient actions)

3 Dimensions: Economy, Welfare, Environment

- Focus on enhancing competitiveness and employment
 - Economy is the most central dimension → growth in employment and additional resources to the businesses
 - Precondition for the realisation of two other dimensions: social and environmental
 - Critics of the political left are not well-founded → Other dimensions are not being drowned, but rather being saved!
 - Recent OECD study: Lisbon Strategy actions would increase the EU GDP with 2,8%. (N.B.: almost 300 billion euros more to "distribute")
 - US Secretary of Treasury (Min. Finance) John Snow on June 14th 2005 in Brussels → "An average-wage worker can earn during his career an additional sum which is equivalent to one year's salary!"
- Idea is to transport the Nordic model to other countries as well!
 - André Sapir's report (9.9.2005) → Nordic model is both most economic and most equitable

Disappointment...

- Competitiveness focus did not become reality in year 2000 when economic indicators were good
- Along with the difficulties, common understanding has scattered ja political leadership has vanished
- Necessary structural reforms have only been carried out / started in some small EU Member States
 - The Prime Minister of Estonia, Mr Ansip stated in his comments on last autumn's summit: "With the globalisation fund we rewarded the Member States that have not done structural reforms in time" HS 28.10.
 - Nota bene: Credit for the French government. They are at least trying...

...and reform

- Strategy update in March 2005 focuses action to economic growth and creates better possibilities for the success of the whole strategy
- It is essential to accelerate participation to globalisation, not the other way round
 - Situation is alarming in many important Member States → increasing protectionism
- Critics geared towards the Commission are based on misconceptions on both economy and the Lisbon Strategy

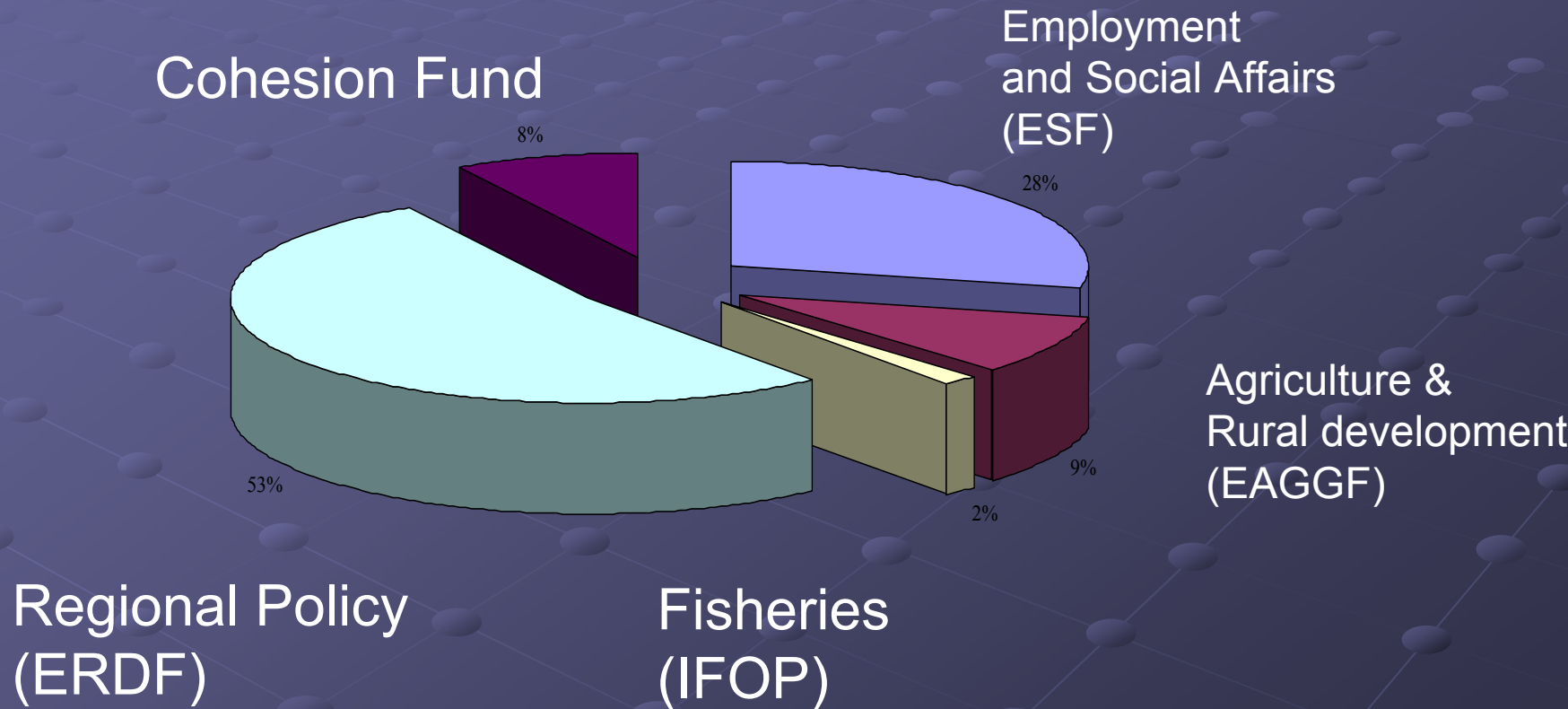
Cohesion and Regional Policy in the European Union

- Goals of the EU Cohesion Policy:
 - Promote balanced, harmonious and sustainable development throughout the Union and to improve the quality of life of the EU citizens
- 1/3 of EU budget (213 billion euros between 2000-2006) to Cohesion Policy!!

Instruments for Cohesion and Regional Policy

- European Cohesion Fund
- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- European Agricultural Guidance and Guarantee Fund (EAGGF)
- Financial Instrument for Fisheries Guidance
- Accession funds (ISPA and Sapard)

Proportion of different instruments in Cohesion and Regional Policy



2006: EUR 44.555 million; 36.8 %

Heading 2 Structural Funds

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graph TD; A[Heading 2 Structural Funds] --> B[Objective 1]; A --> C[Objective 2]; A --> D[Objective 3]; A --> E[Community Initiatives]; A --> F[Cohesion Fund]; E --> G[INTERREG]; E --> H[EQUAL]; E --> I[LEADER]; E --> J[URBAN]
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Objective 1

Objective 2

Objective 3

Community Initiatives

INTERREG

EQUAL

LEADER

URBAN

Cohesion Fund

Challenges of the Cohesion Policy

- **Intensified competition**
 - Infrastructure, services, skilled workforce
- **Flexibility offered by the information society**
- **Opportunity and challenge of the 2004 enlargement**
 - The GDP of the 10 most dynamic regions is still almost three times higher than that of the 10 least developed regions

Cornerstones of the Cohesion Policy

- Cohesion reports by the Commission on progress every 3rd year:
 - 3rd Cohesion report in Feb 2004
 - Concrete proposals for Cohesion policy after 2006
 - 3rd Cohesion progress report in May 2005
 - Results on the progress made, targets for future

Findings of the 3rd progress report

- Disparities in **per-capita GDP** between the Member States are considerable
 - 41% of the EU average in Latvia – 215% in Luxembourg
- **Employment** well below the Lisbon target
 - 62,9% in 2003 vs. 70% by 2010
- Differences in **productivity** are marked
 - 30% of the EU average in Poland and Baltics – 150% in Ireland and Luxembourg
- In general, disparities have gone down since 1995. However, drop is faster between the Member States than between regions.
- Clear link between the Lisbon Strategy and Cohesion Policy priorities

Findings of the mid-term review of the Structural Fund programmes (2004)

- Many MS use more funding to knowledge economy and enterprise initiatives
- Objective 1 still focusing on traditional projects (infrastructure)
- Some MS with substantial Objective 1 areas concentrate on R&D
- Growth and competitiveness measures have increased under Objective 2
- Education and training still important in most Objective 1 and 2 programmes

How are Cohesion Policy Lisbon Strategy and Regional Policy Objectives linked?

- Cohesion Policy targets are now growth and employment (Growth and Employment initiative March 2005)
 - key factors for European competitiveness
- Cohesion policy objective promote the Lisbon strategy dimensions: economic, social and environmental
- Cohesion policy gives all regions opportunity to benefit fully from the single market and contribute to the success of EMU)

How are can this be done?

- Regional and local stakeholders to engage more with the strategy and its implementation
- Collaboration between the Community funds and EIB on R&D projects
- State Aid level to be reduced
- More infrastructure investments
- More proactive employment policies
- National reform programs for growth and employment

”If you blame the EU six days a week for all the bad, it is of no use to come to beg for its support on the 7th day”

Jose Manuel Barroso

Conclusions

- Cohesion and Regional Policy are central elements of the EU
- Growth and employment, thus competitiveness (=Lisbon Strategy) is the focus at this moment
- Cohesion and Regional Policy objectives work to fulfill the growth and employment goals
- All of this is in the long term interest of EU citizens