

EDUSKUNNAN SUURELLE VALIOKUNNALLE

15.2.2002

Viitaten perustuslain 97 §:ään sisäasiainministeriö lähettää kunnioittavasti eduskunnan suurelle valiokunnalle tiedoksi Komission 30.1.2002 julkaisema ensimmäinen edistymisraportti taloudellisesta ja sosiaalisesta yhteenkuuluvuudesta. Liitteenä on myös perusmuistio ja EU-ministerivaliokunnan hyväksymät kannat.

Suomenkielinen versio on käännettävänä ja se toimitetaan eduskunnalle heti kun se on saatavilla.

Osastopäällikön sijainen,
aluekehitysjohtaja

Mårten Johansson

Liitteet:

EU-ministerivaliokunnan 15.2. hyväksymät kannat sekä perusmuistio
COM(2002) 46 final (vain pdf –muotona)

13.2.2002

EU-ministerivaliokunta 15.2.2002

Komission toinen kertomus taloudellisesta ja sosiaalisesta yhteenkuuluvuudesta; edistymisraportti

EU:n tulevaa koheesiopolitiikkaa käsitellään 18.-19. helmikuuta 2002 yleisten asiain neuvostossa, jossa komissio esittelee 30.1.2002 julkaistun tiedonantonsa taloudellisen ja sosiaalisen koheesion edistymisestä ja vuoden 2006 jälkeisen koheesiopolitiikan valmistelun etenemisestä.

Tiedonanto päivittää komission vuotta aiemmin julkaiseman toisen taloudellista ja sosiaalista koheesiota käsittelevän raportin siten, että EU laajentuu Laekenin Eurooppa-neuvoston päätelmissä mainituilla 10 uudella jäsenmaalla vuonna 2004. Taloudellisen ja sosiaalisen koheesion analyysyjä esitetään nyt siis EU:n 25 jäsenmaan kesken, 27:n sijaan.

Koheesiopolitiikan uudistusta käsiteltiin Eurooppa-neuvostossa kesäkuussa 2001, jolloin erityisesti Espanja toi esille huolensa laajentumisen vaikutuksesta koheesiopolitiikkaan. Komissio lupasi raportoida uudistuksen etenemistä säännöllisesti neuvostolle.

Komissio painottaa, että keskustelu on vasta alussa. Huolimatta laajasta keskustelusta, vain muutamat jäsenvaltiot ovat tehneet täsmällisiä esityksiä. Komissio esittää konkreettiset ehdotuksensa tulevasta koheesiopolitiikasta kolmannessa koheesioraportissa, joka luo puitteet komission ehdotukselle yhteisön politiikasta ja rahoituskehyksistä vuoden 2006 jälkeen. Komissio on täsmentänyt aikataulua ja luvannut esittää ehdotuksensa riittävän ajoissa, mikä käytännössä tarkoittaa asetusten suhteen vuoden 2004 alkua, jolloin kolmannen koheesioraportin pitäisi ilmestyä vuoden 2003 aikana.

Suomen hallituksen huhtikuussa 2001 hyväksymät kannat toiseen koheesioraporttiin ovat edelleen ajankohtaisia. Komission tiedonanto antaa kuitenkin aiheita täydentää heikoimmin kehittyneiden alueiden määrittelyä koskevia kantoja.

Esitetään, että EU-ministerivaliokunta vahvistaisi alla olevat Suomen kannat.

Suomen kanta:

Suomi tukee komission aikomusta antaa uudistusesityksensä neuvostolle hyvissä ajoin, jotta uudet ohjelmat voidaan käynnistää vuoden 2007 alussa.

Suomi huomauttaa, että komissio ei ole vielä ottanut huomioon useiden maiden esitystä siitä, että BKT-kriteeri ei yksin riitä määrittelemään kehityksessä jälkeen jääneitä alueita.

Suomi huomauttaa, että nykyiselläänkin tavoitteen 1 määrittelyssä on voimassa kaksi perifeerisyyttä kuvaava kriteeriä, eli ne syrjäisimmät alueet, joista jokainen on 75 prosentin rajan alapuolella sekä Ruotsin ja Suomen harvaan asutut alueet (< 8 henkilöä/neliökilometri) eli ”Itävallan, Suomen ja Ruotsin liittymisasiakirjan pöytäkirjan N:o 6 nojalla tavoitteen 6 tukikelpoiset alueet kaudella 1995-99”.

Perifeerisyys on jatkossakin otettava lisätekijänä huomioon yhteisön koheesiopolitiikassa. Harva asutus, huono saavutettavuus, vaikeat luonnonolot sekä peruspalvelujen puute haittaavat periferia-alueiden kehitystä. Suomen käsityksen mukaan komission toisessa

koheesioraportissa esittämä periferiaindeksi voisi soveltua tavoitteen 1 täydentäväksi määrittelykriteeriksi mikäli siitä rajataan pois selvien kriteerien maiden menestyvimät ja vauraimmat talousalueet.

Suomi yhtyy komission näkemykseen, että koheesiopolitiikan tulee myös toteuttaa niitä strategisia tavoitteita, joilla pyritään kilpailukykyiseen ja korkean työllisyyden Eurooppaan. Tavoitteeseen pääsemiseksi tarvitaan tehokkaasti toimivia hyödyke-, palvelu-, pääoma ja työmarkkinoita. Ilman toimivia sisämarkkinoita, koulutettua ja osaavaa työvoimaa uusien ja nykyisten jäsenmaiden välistä tuloeroa ei pystytä kuroma umpeen.

Suomi pitää hyvänä, että komissio kolmannessa koheesioraportissaan edelleen arvioisi yhteisön muiden politiikkalohkojen vaikutusta koheesioon. Arvioinnissa tulee aiempaa tarkemmin ottaa huomioon paineet perifeerisillä ja harvaan asutuilla alueilla. Lisäksi tulee kiinnittää erityishuomiota unionin ulkoraja-alueiden kehittämistarpeisiin ja tukiratkaisuihin.

Pääasiallinen sisältö:

Alueellinen kehitys

Raportissa todetaan, että alueellisen kehityskuvan päivitys yhdellä vuodella, vuoden 1999 BKT-tiedot ja 2000 työllisyys- ja työttömyystiedot, ei tuo merkittävää muutosta toisessa koheesioraportissa esitettyyn kehitykseen. Euroopan talouskasvun hidastumisesta ei vielä voida vetää pidemmälle ulottuvia johtopäätöksiä.

Ajanjakson 1995-99 BKT-tiedot osoittavat, että BKT:n kasvu 12 hakijamaassa (3,2 % vuodessa) oli nopeampi kuin nykyisessä unionissa (2,4 %). Nopeinta kasvua oli Puolassa, Tsekin tasavallassa ja Sloveniassa. Voimakasta kasvua oli myös nykyisten jäsenmaiden muutamilla pääkaupunkiseuduilla (Tukholma, Helsinki, Lissabon ja Madrid), mutta myös Irlannissa, osassa Englantia ja Alankomaissa.

Työllisyys on kehittynyt myönteisesti unionin nykyisissä jäsenvaltioissa. Työllisyysaste (63,8 %) oli prosenttiyksikön korkeampi kuin vuonna 1999. Hakijamaissa kuva on hajanainen kuvastaen työmarkkinoilla meneillään olevaa sopeutumista. Unionin maissa työpaikat lisääntyivät 3 miljoonalla, mutta hakijamaissa menetettiin 600 000 työpaikkaa.

Yleisesti väestön kasvu hidastuu ja ikärakenne vanhenee, mutta kehityksessä on alueittaisia erityispiirteitä. Väestön alueellinen keskittyminen on voimistunut. Ajanjaksolla 1995-99 väestö kasvoi eniten Englannissa, Irlannissa, Belgiassa, Alankomaissa, Kreikassa, Etelä-Ranskassa ja Pohjois-Saksassa. Väestön väheneminen koski eniten Pohjois-Suomea, Keski- ja Pohjois-Ruotsia, yleensä hakijamaita, muutamia Puolan alueita lukuunottamatta.

Selvä havainto on, että nykyisen unionin jäsenmaiden välillä taloudellinen ja sosiaalinen kehitys lähenee toisiaan, mutta jäsenmaiden sisällä alueiden väliset erot kasvavat.

Tärkein johtopäätös, kun lasketaan BKT/asukas lukuja EU25:lle EU27:n sijaan, on että EU:n keskiarvo laskee enää vain 13 %, kun se EU27:n oloissa laskisi 18 % nykyiseen verrattuna (perustuen vuoden 1999 tilastoihin).

Koheesiopolitiikan painopisteet

Komissio vastaa raportillaan Espanjan ja muiden koheesiomaiden huoleen nykyisten 1-tukialueiden tilanteesta laajenemisen jälkeen. Komissio toteaa, että selvä yksimielisyys vallitsee siitä, että vuoden 2006 jälkeinen tuki on ensisijaisesti kohdistettava heikoimmin kehittyneille alueille. Yrityksistä huolimatta heikoimmin kehittyneiden alueiden määrittelyyn ei komission mukaan ole löytynyt BKT/asukas parempaa tunnuslukua.

Komissio määritteli toisessa koheesioraportissaan kymmenen koheesiopolitiikan painopistettä ja sen lisäksi hallinnon kehittämisen ja tehostamisen tarpeen. Komissio nojaa edelleen näihin prioriteetteihin ja tarkentaa heikoimmin kehittyneiden alueiden kohderyhmän: 1) heikoimmin kehittyneet alueet, joista suurin osa on hakijamaissa, ml. perussopimuksen artiklassa 299 määritellyt ultraperifeeriset alueet ja 2) ne, nykyisten jäsenmaiden heikoimmin kehittyneet alueet, jotka eivät ole lähentyneet merkittävästi näiden maiden keskimääräistä tasoa. Kolmantena koheesiopolitiikan kohdealueena ovat muut vakavien rakenteellisten ongelmien alueet: ongelmaiset kaupunkiseudut, maataloudesta riippuvat maaseutualueet, taloudellisen rakennemuutoksen alueet, pysyvien luonnonhaittojen alueet ja väestöllisistä ongelmista kärsivät alueet. Suomen kannalta on huomautettava, että tavoite 6-alueiden erityiskohtelua ei mainita kehityksestä jälkeen jääneiden alueiden yhteydessä.

Komissio toteaa, että sekä poliittisista että taloudellisista syistä on selvä tarve kohdentaa yhteisön politiikkaa muuallekin kuin heikoimmin kehittyneille alueille. Tällöin tarkoitetaan, että yhteisön politiikalla tulee paremmin tартtua ongelmiin ja mahdollisuuksiin, joita on kaupunkiseuduilla, taloudellisen rakennemuutoksen alueilla, pysyvien luonnonhaittojen alueilla ja yhtä hyvin raja-alueyhteistyössä.

Koheesiopolitiikkaa tulee vahvistaa myös laajemmin, horisontaalisin tavoittein, Lissabonin sopimusten mukaisesti, avainkysymyksinä enemmän ja parempia työpaikkoja, suurempi sosiaalinen yhteenkuuluvuus, yhtäläiset mahdollisuudet ja jatkuva potku kohti tietoyhteiskuntaa. Nämä edellyttävät horisontaalisia toimia alueellisten rakennerahastotoimien ohella.

1-tukialueiden määrittelystä

Romanian ja Bulgarian jättämisellä pois tämän vaiheen koheesiopolitiikan muotoilusta on merkitystä laskettaessa EU-maiden keskimääräistä tulotasoa ja määriteltäessä heikoimmin kehittyneitä alueita.

1-tukialueiden määrittelyssä tämä merkitsee sitä, että sovellettaessa 75 %:n BKT-kriteeriä EU25:ssä, tukialue kattaisi 25 % koko väestöstä, 115 miljoonaa henkilöä, joista neljä kymmenestä asui EU15:ssä ja kuusi kymmenestä hakijamaissa¹. Nyt 1-tukialueilla asuvista 37 miljoonaa jäisi ulkopuolelle. Näistä kaksi kolmasosaa putoaisi laajenemisen aiheutuvan tilastokeskiarvon putoamisen seurauksena, yksi kolmasosa olisi 75 %:n yläpuolella myös EU15:ssä.

Vuosien 1997-98-99 tilastoihin perustuen Itä-Suomi, Saksan itäosa lukuunottamatta Berliiniä ja Leipzigia, Kreikan Thessalonikin alue, Espanjan Castilla y León, Asturias,

¹ EU27:ssä putoaisi EU15:ssä asuvien osuus vajaaseen 20%:iin.

Portugalista Algarve, Etelä-Italiasta Basilicata, Itävallan Burgenland ja Iso-Britanniasta Walesin länsiosa ja Merseyside säilyisivät edelleen 1-tukialueina EU15:ssä, mutta joutuisivat pois laajentumisesta johtuvista tilastollisista syistä. Lopullisesti tavoitealueiden 1 tukikelpoisuutta arvioidaan vuonna 2004/2005, jolloin viitevuosina voivat ovat vuodet 1999-00-01.

Rahoitus ja hallintokysymykset

Raportissa todetaan, että koheesiopolitiikkaan käytettävistä varoista on esitetty kantoja molemmiin puolin Berliinissä sovitun 0,45 %:n EU:n BKT:sta, jatkaen vuonna 1999 saavutettua tasoa vuoteen 2006. Berliinin päätöksen mukaisesti se kattaisi koheesiopolitiikan nykyisissä jäsenmaissa, hakijamaissa ennen jäsenyyttä ja 6 uudessa jäsenmaassa Unioniin liittymisen jälkeen.

Komissio korostaa hallinnon parantamista ja se käynnistää aluepolitiikan pääosastolla valmistelun tehokkaamman hallinnon luomiseksi. Komissio pitää kiinni kolmesta periaatteesta:

- Terve ja tehokas hallinto. Se on enimmäkseen jäsenmaiden harteilla, komission rooli on toimia kokemustenvaihdon ja parhaiden käytäntöjen edistäjänä;
- Tuloksista riippuva rahoitus. Nykyisellä kaudella on suoritusvaraus-menettely, mutta enemmänkin voidaan tehdä;
- Tukea ohjattava kohteen hallinnollisen, rahoituksellisen ja taloudellisen vastaanottokyvyn mukaan. Nykyisen 4 %:n BKT-katon ylittämistä vuoden 2006 jälkeen pidettiin toisessa koheesioraportissa mahdollisena koheesiorahastosta rahoitettavien erityisten yhteisötasojen intressien suhteen.

Taloudelliset vaikutukset:

Suomen saama rahoitus rakennerahastoista on vuosina 2000-2006 keskimäärin 300 miljoonaa euroa vuodessa. Suomen maksuosuus EU:n alue- ja rakennepoliittisten kustannuksista kasvaa noin 480 miljoonasta eurosta vuonna 2000 noin 614 miljoonaan euroon vuonna 2006. Suomen nettorahoitusaseman heikentyminen rahoituskauden lopussa johtuu EU:n alue- ja rakennepoliittisten menojen kasvusta: uusien jäsenmaiden rakennetuki kasvaa asteittain ja on vuonna 2006 jo 12 miljardia euroa. EU:n alue- ja rakennepoliittisten menojen kokonaismäärä onkin tulevaisuudessa Suomen nettorahoitusaseman kannalta entistä merkittävämpi asia. Suomen EU:lta saama rahoitusosuus vuoden 2006 jälkeisenä aikana riippuu siitä, missä määrin Suomi onnistuu pitämään heikommin kehittyneet alueensa korkeimpien aluetukien piirissä sekä mitä turvaverkkoja ja siirtymäsääntöjä tullaan soveltamaan nykyisiin tavoite-alueisiin ja paljonko resursseja jää suunnattavaksi muille kuin tavoite 1 -alueille.

Muut mahdolliset asiaan vaikuttavat tekijät:

EU:n laajentumisen aikataulu ja rahoituskehys.



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.01.2002
COM(2002) 46 final

COMMISSION COMMUNICATION

First progress report on economic and social cohesion

COMMISSION COMMUNICATION

First progress report on economic and social cohesion

SYNTHESIS AND NEXT STEPS

At the meeting of the of the Council of the European Union of 11 June 2001, the Commission noted the concerns expressed by the Member States and the candidate countries, in particular the memorandum presented by the Spanish delegation, on the consequences of enlargement on economic and social cohesion. The Commission formally declared that it “will continue its work and report regularly to the Council. It will prepare the third report on cohesion, with a view to drawing up the necessary proposals for the continuation of cohesion policy after 2006”.

This progress report on cohesion has two principal objectives :

- to update the analysis of economic and social cohesion presented in the Second cohesion report published in January 2001, including for the first time, an analysis of disparities in a Europe of 25 in the light of the enlargement to include the 10 new Member States which, according to the Laeken European Council, would be ready to join the Union in 2004 if negotiations continue at the current rhythm;
- to outline the state of the debate on future cohesion policy for the period after 2006, which began with the publication of the Second report and to prepare the next steps.

The following sets out the main results in both these domains.

I. SITUATION AND TRENDS

In terms of regional incomes (GDP), the analysis confirms: a major fall in the average level of GDP per head as the Union enlarges to 25 or 27 Member States and a widening of regional and territorial disparities on a scale without precedent in any previous enlargement. In a Europe of 25 (excluding Romania and Bulgaria who, in their negotiating position, foresee accession at a later stage) the disparities are appreciably narrower, and the increase in the relative prosperity of regions in the Fifteen less pronounced, compared to the situation in the Europe of 27 which was analysed in the Second Report. According to the 1999 data, in passing from a fifteen to twenty-seven member states, average GDP per head falls by 18%, and by only 13% in a Europe of twenty-five.

In terms of employment and unemployment rates, the report confirms a general improvement across EU15. A mixed picture emerges in the candidate countries reflecting the ongoing adjustment in labour markets. Thus, where the Union experienced a net gain of 3 million jobs in the year 2000, the candidate countries lost some 600 000 jobs.

While it is encouraging that the long-term growth rate of the candidate countries has tended to exceed that of the existing Member States by nearly one percentage point per annum on average, the wide disparities in levels of income or employment described in the Second Report are unlikely to be reduced appreciably before the long-term. An additional factor in the

near future is a possible downturn in economic performance in Europe. The length and depth of a downturn depends, however, on developments in the international economy. At present, it is too early to attempt to draw conclusions on possible implications for the long-term trends in national and regional income and employment disparities in Europe.

With regard to human resources, a number of challenges for the future of cohesion policy have been identified, in particular: the sheer scale of regional imbalances in the labour market and economic development following enlargement; the polarisation of the labour market and society; the increasing skill needs; the persistent gender inequality; the need for modernisation of economic and social systems in response to demographic changes; and the growing pressures from migration and mobility.

II. COHESION POLICIES AFTER 2000-06: THE STATE OF THE DEBATE

The experience of the past twelve months confirms that the Second Cohesion Report achieved one of its main objectives in the sense that has given rise to an intense debate in the course of the year 2001 on future European policies in this field for the next planning period beginning in 2007. This is reflected in the overwhelming response to the Cohesion Forum in Brussels in May 2001, attended by 1800 delegates, and in the numerous written submissions received from national and regional authorities and from other interest groups that are summarised in this report, not to mention numerous independently-organised conferences and seminars on this subject. The opinions of the Committee of the Regions and the Economic and Social Committee on the Second Report, as well as the numerous discussions in the Parliament in the preparation of their opinion, have also confirmed the central position of cohesion among Union policies. It is clear, in other words, that European cohesion policies are a catalyst for debate and for an exchange of ideas on European social and economic problems and opportunities, at virtually all levels in the Member States and in the candidate countries.

The debate of the past year has focused on the main themes identified by the Commission in the Second Report. For the Commission, these themes were chosen in an effort to encourage debate on the substance of future policy, and to avoid a discussion which principally, or even exclusively, focused on financial aspects. In that sense, the approach, echoing that foreseen as part of the wider debate in 2002 on the institutional reform of the Union, seeks to address the question of what the Member States wish to achieve together in this field.

The debate is only beginning. For example, very few national governments have so far committed themselves to a particular position, although the informal meeting of Ministers responsible for Regional Policy held in Namur in July 2001 provided an indication of some of the principal currents of opinion. It would not, therefore, be appropriate to seek to give the impression in this report that any of the major issues have been decided. On the contrary, the Commission confirms its initial proposal that the Third Cohesion Report (of which more on timing below) should represent the occasion for the presentation of its concrete proposals to the Parliament and the Council.

Already, however, the debate of 2001 seems to have highlighted certain elements which the Commission will seriously consider in the Third Report. These elements are summarised below under three headings, consistent with the structure of the conclusions of the Second Report. In the subsequent section, the theme of the management and efficiency is taken up, as an essential element of an effective, and credible, European cohesion policy.

Priorities

Cohesion policy should continue to target the least developed regions. While a number of alternative ways for identifying these regions has been put forward, there does not seem to be a viable alternative synthetic indicator to that of GDP per head, as currently used for Objective 1.

While the need to target aid on the regions in the candidate countries is generally uncontested, the Objective 1 regions in the existing fifteen Member States - that would otherwise lose their priority status as their relative prosperity increases in an enlarged EU - should not experience a cut-off of aid, especially where this is due to the statistical effect of enlargement. There is, however, no clear consensus on how to ensure equal treatment for these regions that have yet to complete the process of economic convergence with the rest of the Union. In this context, account will also have to be taken of the specific needs of the outermost regions identified in Article 299 of the Treaty.

At regional level, in particular, there is a clear demand, for both political and economic reasons, that future policy should not focus exclusively on the least developed regions, and that it should continue to take account of the problems and opportunities arising in urban areas, areas undergoing economic restructuring or with permanent natural handicap as well as the cross-border dimension. Such interventions should be better targeted on Community priorities, and implemented in a more decentralised way in accordance with the principles of good governance.

Cohesion policies should also strengthen the links between the wider strategic objectives of the Community adopted by the European Council in Lisbon, and the support given by the Structural Funds. Key among these are: more and better jobs, greater social inclusion, equal opportunities, and continued push towards the knowledge-based society.

European programmes need to focus on adding value beyond that which is possible at national level. A number of contributions have responded to the question raised by the Commission in the Second Report on how best to address the growing needs at European level with regard to the territorial dimension of cohesion. Such contributions speak, for example, of an enhanced role for the Commission in supporting networking between regions, in promoting sustainable development and in the creation of a coherent overall vision as a frame of reference for cohesion policies, which could in turn serve as the basis for a policy which has territorial cohesion as an explicit objective. A number of contributions also recognised the role of cohesion policy in promoting economic and financial stability in the Union.

The delivery system

The various modifications to the delivery system introduced under *Agenda 2000* are seen by many contributors as having had only a limited effect in simplifying the management of European interventions.

The debate has exposed an apparent contradiction between, on the one hand, the national and regional authorities who typically wish to reduce the administrative overhead involved in managing European interventions, and, on the other hand, European institutions such as the Council, the Parliament, and the European Court of Auditors that seek a reinforcement of controls on the use of European taxpayers' money.

III. NEXT STEPS AND OTHER CONSIDERATIONS

Timing

As already indicated, the Commission will produce concrete proposals for the future of cohesion policy in the Third Cohesion Report. This Report should serve in turn as an input into the Commission's proposals for future Community policies, accompanied by a new financial framework, for the period after 2006.

The Commission intends to present its proposals to the European Parliament and the Council in sufficient time so that the adoption of the Structural Funds regulation can take place in order to create the conditions for the effective implementation of the new generation of programmes to commence at the beginning of the new programming period. This will also have to be taken into account in the timing of the publication of the Commission's Third Cohesion Report.

Financial aspects and management

The Commission is convinced that question of the simplification of European programmes merits additional examination, in an effort to identify mechanisms capable of reconciling the further decentralisation of responsibilities with greater incentives towards efficiency and sound management.

This conviction is the result not just of the debate of the past year, but also of the direct experience of managing programmes. In this context, the experience of the year 2001 was a particularly instructive one, since it represented, firstly, the final year for payments relating to the previous generation of programmes and, secondly, the effective beginning of the implementation of the majority of the new generation programmes for the period 2000-06, including the implementation of the pre-accession instrument in the candidate countries.

The aim of the Commission must be to maintain and where necessary, reinforce, efforts to ensure the efficient use of all financial resources made available for cohesion policies. It is worth recalling in this context that, in the Second Cohesion Report, the Commission said that it was too early to begin the debate on the level of these resources for the period after 2006. Nevertheless, a considerable number of contributions over the past year confirm that discussion on this matter has already begun, leading to simulations that have produced a variety of figures for the resources that should be made available for future policies, that lie both above (notably in the contributions from the regions) and below the equivalent of 0.45% of GDP at Union level. The latter figure is the one set out by the Commission in the Second Report, corresponding to the sums reached in 1999, and to that foreseen for 2006, as agreed by the European Council in Berlin in 1999, to cover cohesion policies in the Fifteen, in the candidate countries before accession and in six new Member States after accession.

At these levels, cohesion policies would continue to represent an important transfer of resources especially, but not exclusively, for Member States with a significant number of least developed regions which would have priority status under the Structural Funds. The debate during 2001, and the lessons learned from the management of the programmes including those of the past year, has shown that the efficient use of resources requires that the national and regional authorities concerned address challenges in three main fields:

- at the *administrative* level, because the successful management of the interventions and the consistent pursuit of their objectives, presupposes the existence of the

technical expertise to manage an economic development strategy in terms of planning, implementation, monitoring, evaluation and control;

- at the *financial* level, because all European interventions must be co-financed by resources generated at national level. This is one of the permanent principles of the Structural Funds, which is designed to promote the ownership of programmes by the authorities on the ground in the interest of efficiency and sound financial management. Providing the necessary co-financing calls for political determination especially where national budgets are already finely balanced in terms of revenues and expenditures;
- at the *economic* level, because large-scale investment financed by Europe must not substitute for national investment, both by the public and private sectors, that would have taken place in any event.

These challenges have tended to be all the greater for countries and regions becoming eligible for Objective 1 (and, at national level, for the Cohesion Fund) for the first time. In the existing Union, the effects, though apparent, have been attenuated by the gradual increase in transfers over time. Thus, across the three successive financial planning periods (1989-93, 1994-99, 2000-06) transfers per head per annum under Objective 1 have increased, respectively, from € 143 to € 187 to € 217.

In the light of experience, the Commission remains firmly attached to three principles:

- sound and efficient management. While financial management and control is first and foremost the responsibility of the Member States, the Commission must continue to be satisfied that the necessary capacities exist. In general the Commission should seek to become a catalyst for the exchange of experience and best practice in relation to the management and administration of interventions;
- transfers conditioned by results. A major step in this direction was taken with the introduction of the so-called performance reserve for the period 2000-06. But more could be done to link payments by the Union to the regions to the achievement of quantified targets;
- due account of absorptive capacity. All attempts at devising a simpler and more efficient delivery system for future cohesion policies will be thwarted if the resources transferred exceed the level that can be absorbed administratively, financially and economically. The existing *acquis* provides for a ceiling on total transfers to Member States preventing their level from exceeding 4% of national GDP. The debate which followed the publication of the Second Cohesion Report has not seriously called the existence of this ceiling into question. In the Second Report the Commission said that the ceiling could be exceeded after 2006, for example, to permit the realisation of certain major projects of particular Community interest, financed by the Cohesion Fund.

COMMISSION COMMUNICATION

First progress report on economic and social cohesion

INTRODUCTION

This first progress report on cohesion is presented in the context of the discussions arising from the reflections and proposals in the Second Report on economic and social cohesion (COM(2001) 24), adopted by the Commission on 31 January 2001.

At the Council meeting of 11 June 2001, the Commission took note of the concerns voiced by current and future Member States, in particular the memorandum submitted by the Spanish delegation on the consequences of enlargement on economic and social cohesion. It went on 'The Commission will continue its work and report regularly to the Council. It will prepare the third report on cohesion, with a view to drawing up the necessary proposals for the continuation of cohesion policy after 2006.'

In this progress report, the Commission presents first of all an update of the figures given in the Second Cohesion Report, particularly those concerning regional economic and social disparities. The updated figures are based on data for regional GDP in 1999 and employment and unemployment in 2000.

In view of the structural nature of cohesion-related changes, the updating of these figures on the basis of a single year cannot result in a significant alteration in the situation and trends recorded in the Second Cohesion Report. However, the interim report does provide evidence of new factors affecting the employment market and trends there and some factors concerning the competitiveness of regions.

Furthermore, the Laeken European Council (December 2001) clarified the timetables for enlargement. It said that "if the present rate of progress of the negotiations ... is maintained, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, the Czech Republic and Slovenia could be ready (in 2004)." This means that the Commission can also present in this first interim report per capita GDP averages calculated on the basis of a European Union of 25 Member States. It seems unlikely that Romania and Bulgaria will be in a position to join the Union before the end of the present programming period and, in fact, the negotiating positions of those two applicant countries set as a date for accession 1 January 2007.

Secondly, this progress report contains an initial summary of discussions on the future cohesion policy which the Commission sought to encourage with the adoption of the Second Cohesion Report and which have continued subsequently at a lively pace. The report sets out initial guidelines, without, however, seeking to prejudge the proposals on the future policy which the Commission will in due course.

Finally, in the annex, elements to preparation which the candidate countries will have to undertake to implement the structural instruments are presented. As a complement to this first interim report, it will also be important at a later stage to provide the candidate countries with guidance on the preparation of their programming documents.

1. PART I : SITUATION AND TRENDS IN THE REGIONS

Clearly, the updating of the statistics which appeared in the Second Cohesion Report published in January 2001, does not reveal any significant change in the situation and trends which had been observed as regards economic, social and territorial cohesion. As the Commission has often underlined, these trends become apparent only over the longer term.

Furthermore, the most recent data available for GDP, which cover 1999 at regional level and 2000 at national level, do not reflect the regional impact of the significant economic downturn which the economy of the European Union suffered in 2001. The Commission's forecast of economic growth in the Union is for no more than 1.7% in 2001, much lower than the 3.3% achieved in 2000.¹

Against this background, it is nevertheless useful to update the main conclusions of the Second Cohesion Report, which concerned the 15 current Member States and the possibility of an enlarged Union with 27 members². However, since it is becoming increasingly clear that at least two of the twelve candidate countries will not join the Union before the start of the next programming period, an initial evaluation of economic cohesion among 25 member states can usefully be put forward (see point 1.5). The analysis which follows updates the position in those areas where new economic and social statistics exist.

1.1. Economic cohesion, one year after the Second Cohesion Report

1.1.1. Confirmation of real convergence in the existing Union

Although economic disparities between the present Member States still persist, they have diminished substantially since 1988. The main change concerns the cohesion countries, which have moved considerably closer to the Community average in terms of per capita GDP. Ireland is the clearest example of this, with per capita GDP rising from 64% of the Union average in 1988 to 119% in 2000. The extent to which the other three cohesion countries lag behind has shrunk by almost one third, i.e. from 68 to 79%. (*Tables 1-GDP and population growth in cohesion countries 1988-02 and 2-per capita GDP (in PPS) in Objective 1 regions 1995-99*).

Furthermore, the reduction in regional disparities is continuing, although to a lesser extent than at national level (*see Table 03-Disparities in per capita GDP in PPS by region within Member States*). Indeed, they have grown within some Member States. Overall, even though the socio-economic situation of several of the weakest regions in the Union has changed for the better, for most the process of catching up will be a long haul.

1.1.2. Three groups of countries in a Union of 27

At national level, a Union of 27 countries may be broken down into three groups of states (Graph 1-per capita GDP PPS, 2000).

¹ European Economy, Autumn 2001 Forecasts for 2001-2003, November 2001, available at: http://europa.eu.int/comm/economy_finance

² With regard to Turkey, with whom accession negotiations have yet to begin, the Second Cohesion Report indicated that the situation at regional level "will be the subject of a more systematic analysis in future reports after negotiations have begun".

- The first group, comprising nine of the candidate countries (including Malta, for which data in purchasing power standards are now available), includes 16% of the Union's total population. The average per capita GDP of these countries is 41% of that of a Community of 27.
- The second group, which includes three existing Member States (GR, E and P) and three applicant countries (CY, SL and CZ), has a per capita GDP of 87% of the future Union average.
- The third group includes all the other existing Member States, with an average per capita GDP well above that of the Union as a whole.

Within the enlarged Union of 27, the ratio between the richest 10% of regions and the least developed 10% would rise to 5.8, compared with only 2.6 in the present Union. (Map 1- per capita GDP by region (PPS) 1999).

At regional level, it is now possible to observe the change in per capita GDP over the period 1995-99, both in the Member States and in the candidate countries (*Map 2- Change in per capita GDP (PPS) 1995-1999*). In general, **the rate of growth in the twelve candidate countries (3.2% per year) was higher than in the Union (2.4%)** over that period. The **regions** with the highest growth rates were mainly in the candidate countries, chiefly Poland, the Czech Republic and Slovenia. However, there are a number of centres of rapid growth in the present Member States. They include a number of capital regions (Stockholm, Helsinki, Lisbon and Madrid) but also larger areas such as Ireland, parts of England and the Netherlands.

1.2. Employment and social cohesion in the existing Union and in the twelve candidate countries

1.2.1. Disparities in the existing Union

Employment expanded by 1.8% in 2000 – resulting in over 3 million more people in jobs than in 1999. The employment rate reached 63.8%, i.e. one percentage point higher than in 1999. Total employment in 2000 was almost 10 million higher than 5 years ago. High-skilled non-manual occupations accounted for over 60% of jobs created over this period. **At national level**, current employment rates are higher than in the early 1990s in all countries except Germany, Sweden and Finland.

There was a further (very slight) narrowing of disparities in employment rates across the Union, stemming partly from relatively large increases in employment in Spain, where the proportion of the working-age population in work is below average. In 2000, the employment rate was below 60% in Greece, Spain and Italy, while it exceeded 70% - the target set for the EU in 2010 by the Lisbon European Council - in Denmark, the Netherlands, Sweden and the UK.

At regional level, disparities in employment remain more substantial between regions than between countries within the EU. In 2000, the employment rate in the top 10% of regions in the EU (defined as those with the highest rates accounting for 10% of the population) averaged 77.2%, whereas the employment rate in the bottom 10% (defined in an equivalent way) averaged under 46% (*Map 3 - Employment rates, 2000 and Table 4 - Regions with highest and lowest employment rates, 1999/2000*). The wide divergence in employment rates within the EU also acts as a continuing drag on the economic potential of the Community.

This is exacerbated by unequal access to the benefits of economic growth for particular groups and communities.

Between 1999 and 2000, **unemployment** in the EU fell from 9.1% in 1999 to 8.4 % in 2000 (and to 7.6% in August 2001). In all, some 14.5 million individuals were unemployed in 2000 – 1.5 million fewer than a year earlier – the largest fall for a decade.

At national level, all Member States recorded a decline in unemployment in 2000; the largest relative falls were in Belgium, Spain and France, where the unemployment rate dropped by roughly 1.7 percentage points. Positive developments on the labour market slowed down as economic growth faded in 2001. Austria, Portugal and Germany recorded a slight increase in their unemployment rates in 2001. As a result of these developments, while unemployment stood at only 2.4% in Luxembourg in 2000, Spain's 14.4% remained the EU's highest rate despite an impressive decline in unemployment over the last couple of years.

Regional disparities in unemployment remain pronounced (Map 4 – Unemployment rate by region, 2000). While unemployment in regions where rates were lowest (taking those accounting for 10% of total EU 15 population) averaged a mere 2.7% in 2000, it averaged 21.9% in those where rates were highest (including the French overseas departments). Compared to 1999, both groups of regions – the top as well as the bottom group – benefited from substantial employment growth. Indeed, the bottom group even experienced a bigger drop in unemployment than the top group of regions (Graph 2 - Unemployment rate by country and regional extremes, 2000).

Regional differences remain wide within some Member States. Differences between regions are greatest in Italy where, in 2000, the rate where the level was highest, Calabria, was almost 25 percentage points higher than in the one with the lowest level, Trentino-Alto Adige.

The fall in unemployment has been accompanied by an improving situation for the **long-term unemployed** in almost all Member States. Compared to 1999, the number of people who had been out of work for a year or more declined from 46% to 44.8% of the total unemployed in 2000 (excluding Ireland). Disparities in long-term unemployment between Member States remain, however, significant, ranging from less than 19% in Denmark to more than 60% in Italy (Maps 5 a, b and c with long term, young and female unemployment rates).

Long-term unemployment is substantially higher in regions with high overall unemployment. Compared to 1999, it has declined hardly at all in the less developed regions despite the fall in unemployment. This reflects the persistence of structural problems in these areas, such as mismatches between the jobs on offer and the skills available on the labour market.

The **unemployment rate for young people** under 25 also continued to decrease. In 2000, it stood at 16.1% in the EU compared to 17.9% in 1999. Young people in the labour force are, however, almost twice as likely to be unemployed as those of 25 and over. As in the case of long-term unemployment, youth unemployment is significantly higher in regions with high overall unemployment. In the top 10% of regions with the lowest unemployment rates, youth unemployment averaged only 5.5%, whereas it stood at 41.8% in the bottom 10% of regions.

In 2000, the **female unemployment** rate fell below 10% for the first time since the beginning of the 1990s and it was significantly lower than the corresponding rate in the mid 1990s (12.6% in 1994). There remains, however, a wide gender gap in many Member States and regions.

Social cohesion has been an issue endorsed by several European Councils since Lisbon in March 2000. The various commitments made by Member States seek to reinforce their common efforts to pursue the European Employment Strategy by setting targets for employment rates, and to combat social exclusion by promoting sustainable economic growth and better employment to reduce the risk of poverty and exclusion.

Despite the relative fall in unemployment the latest data confirm the persistence of widespread poverty and social exclusion across the Member States³. Some 18% of the population, or more than 60 million people, are living in households with less than 60% of the median equalised income (the definition of poverty) and half of them were living below that threshold consistently throughout a three-year period (Graph 3 – Population with income below the poverty line). As for the distribution of income, the 20% of the population with the highest incomes in the EU are earning some 5.7 times more than the 20% with the lowest incomes. There are of course big discrepancies among Member States, but the figures underline the scale of social inequalities and reflect a lack of social cohesion.

1.2.2. Unemployment in a Union of 27

Unemployment in a Union of 27 Member States stood at an average of 9.3% in 2000. This represents an improvement on the figure for 1999 (9.6%) but is slightly worse than the situation for EU 15, where the figure was 8.4% (2000).

Despite improved economic growth, **employment** in the candidate countries declined further, by 1.4 % in 2000, equivalent to a net loss of approximately 600 000 jobs. Only Hungary and Slovenia had higher employment levels in 2000 than in 1999. Consequently, the gap between the EU employment rate and that in the candidate countries widened further in 2000, although the rate of employment decline seemed to slow down in the second part of the year. Some 3 million new jobs are needed to bring the employment rate in the candidate countries up to the EU average. At the same time, jobs will probably be lost in agriculture and manufacturing. While employment in services has risen significantly in all candidate countries, the employment gap in services – three-quarters of the EU average – is substantial. Employment in services, for example in financial, business and personal services, represents a clear opportunity for the candidate countries.

Unemployment continued to rise in most candidate countries reaching over 12% for the whole region, ranging from 6.9% in Slovenia to over 19% in Slovakia. In 2000, the largest increases in unemployment were recorded in Poland, Slovakia and Bulgaria. Hungary and Slovenia experienced a fall in unemployment over this period. Regional disparities in unemployment in the candidate countries also continued to rise. In the top 10% of regions in terms of population, the unemployment rate averaged 4.9%, whereas it stood at 23.4% in the bottom 10% of regions.

A similar trend can be observed as regards **long-term and youth unemployment**. Compared to 1999, the number of people who had been out of work for a year or more increased from 44.3% to 48.2% of the total unemployed. Youth unemployment across the region increased by 3 percentage points to 26% in 2000 (compared to 16% in the EU), with Bulgaria, Poland and Slovakia recording rates exceeding 35%. In contrast to the EU pattern, where unemployment is usually higher for women than for men, most of the candidate countries had higher male unemployment in 2000.

³ See also the Joint Report on social inclusion.-

Labour market participation for women in candidate countries is currently higher than in the existing Member States although this could change given the scale of restructuring. Indeed in 2000, unlike 1999, the fall in female employment matched that for men.

1.3. New data on the factors determining real convergence

As regards the factors determining the competitiveness of regions, the points made in the Second Cohesion Report are confirmed as regards productivity and employment by sector. In particular, there are continuing disparities in the breakdown of employment among the three sectors of the economy. In certain regions in the candidate countries in particular, the heavy dependence on agriculture and the traditional industries (*Maps 6 a, b and c employment by sector, 2000 and 7 – GDP per person employed, 1999*) suggests that the further restructuring expected in these two sectors will contribute to ongoing economic change after enlargement.

The trends in transport infrastructure vary. While in terms of the provision of motorways the Objective 1 regions (especially in Spain) have caught up well, the situation as regards roads is far from satisfactory (*Graphs 4 - Motorway index and 5 – Roads index*). Data on railways or intermodal operations has not changed significantly since the Second Cohesion Report, but will be taken into account as part of the analyses undertaken for the third.

Demographic changes in the existing Union, levels of education and preparations for the knowledge society deserve particular attention.

1.3.1. A very wide variety of demographic trends

Against a general background of slowing population growth and the ageing of the population of the European Union, the trends at regional level are more varied (*Map 8 - Population growth by NUTS 2 regions 1995-1999*).

During the period 1995-99⁴, the annual increase in population was sharpest in regions in England, Ireland, Belgium, the Netherlands, Greece, southern France and northern Germany. By contrast, the decline in population hit most heavily the regions of northern Finland, central and northern Sweden and, in general, the candidate countries apart from a few regions of Poland. It was also substantial in southern Italy, central France, Scotland, northern Spain and the Alentejo in Portugal.

The regions where population increases most each year are often those which are already more densely populated than average. Similarly, the regions whose population is shrinking are those which are already thinly populated (*Map 9 - Population density by NUTS 3 regions, 1999*). At the level of the Union, the patterns of regional demographic concentration appear to be becoming worse and are in line with the views of the Second Cohesion Report on unbalanced territorial development.

1.3.2. A general increase in levels of education

The data for 2000 show a general increase in the level of education among the population aged from 25 to 59. Compared with the data for 1999, the proportion of the population with a low level of education fell from 33% to 31.5%, while the middle and higher levels rose

⁴ Only these years are taken into account because, from 1995, the sharper population growth in some German regions which followed unification and the political changes in the candidate countries came to a virtual halt.

respectively from 47.6% to 48.3% and from 19.4% to 20.2% (*Maps 10 a, b and c with the levels of education, in 2000*).

The populations with a low level of education remain concentrated in southern Europe (Portugal, Spain, Italy and Greece), Ireland and in an area comprising the Nord/Pas-de-Calais and Picardy in France and Hainaut and Liège in Belgium⁵.

The populations with an average level of education live mainly in the centre and east of the Union, while the highest levels of education are to be found in the Nordic countries, the United Kingdom, Germany and the Benelux, and in Paris, Madrid and the Basque Country.

1.3.3. The knowledge society - disparities remain substantial

The human factor will no doubt remain decisive in enabling the least developed regions of the Union to catch up. That is why education and training are two vital issues in that it must be ensured that all Europeans are in a position to gain the knowledge and the expertise necessary to live and work in the information society as well as to update them throughout their lives. But preparations for the knowledge society must also include measures which help the regions to improve their technical infrastructure and increase their capacity for innovation and research.⁶

The level of Internet access (the percentage of households having access to the Internet from home) tends to be less than 30% in the cohesion countries, while in the Nordic countries and the Netherlands it is around 60% (data from flash Eurobarometer 112 dated November 2001). Whilst the time taken to catch up in fields relating to the information and communications technologies is shorter than in the case of more traditional infrastructure (transport or energy), there needs to be a genuine political will, reflected in a coherent strategy with concrete and ambitious measures in conformity with the objectives of the eEurope action plan 2002⁷.

Similarly, the proportion of GDP spent on research and development is less than 1% in the southern countries and over 3% in the Nordic countries. The number of patent applications shows the same disparities (fewer than 20 per million inhabitants in the cohesion countries and over 300 per million inhabitants in the Nordic countries).

1.4. The territorial component of cohesion

The Second Cohesion Report also looked at several aspects of the territorial dimension of cohesion. On this point, the Commission expressed its intention⁸ to respond to the conclusions

⁵ These regions were not included among those having a low level of education in the Second Cohesion Report. However, the increase in the average level of education from 1999 to 2000 and the lowering of the threshold of the last class on the map (from 46 to 44%) bring them into this category; see the Main regional indicators Table.

⁶ On 3 October 2001, the Commission adopted a strategic document dealing with the regional dimension of the European Research Area, COM (2001) 549 final. This document aims to stimulate local or regional authorities, particularly those in the less developed regions to exploit the new possibilities offered by the European Research Area and open up new perspectives both for the European Union's research policy and its regional policy.

⁷ "eEurope- An information society for everyone" Communication about a Commission initiative for the extraordinary European Council in Lisbon 23 and 24 March 2000 (<http://europa.eu.int/eeurope>)

⁸ Commission statement on the adoption of the guidelines for the Interreg III Community Initiative.

of the informal meeting of Ministers in Tampere⁹ by part-financing the establishment of a European Spatial Planning Observatory Network (ESPON) in the Union. This programme, which should be adopted shortly, will provide useful information for promoting the harmonious development of the Union and define the concept of territorial cohesion, as it appears in Article 16 of the Treaty. The Commission would therefore like the ESPON programme to bring together the results which could provide a basis for the proposals on the territorial dimension of cohesion which it intends to make in the Third Cohesion Report.

For the moment, the updating of the data confirms the conclusions in the Second Report, particularly the very high territorial concentration of activities in a triangle formed by North Yorkshire (United Kingdom), Franche-Comté (France) and Hamburg (Germany). It also confirms the data on the socio-economic situation of the border regions and the sharp increase in the role they will play in an enlarged Union and the extent of the Community territory comprising mountain, coastal and maritime areas, islands and archipelagos. That is why the Commission is currently undertaking a number of studies on the areas suffering from severe geographical or natural handicaps. Two of these are already in progress, one on the island regions¹⁰ (including the outermost regions) and the second on mountain areas¹¹ (including areas of the Arctic). An extension of the urban audit on the economic and social situation of the Union's urban areas, first published in the year 2000, is also planned.

The main aim of these studies is to establish a data base for such areas by gathering all the statistical information available at the different levels (local, regional, national and Community) on the themes relating to their development (based on the collection of socio-economic, environmental, demographic and other indicators).

This is intended to facilitate an objective analysis of the situation in these regions, comparing and evaluating the problems arising from their specific handicaps, describing their needs and looking at the measures and policies put in place by the Member States and the Union in an effort to offset any shortcomings in development.

The areas suffering from serious geographical or natural handicaps

The island territories of the Union are extremely diverse as regards population, area, level of autonomy and standard of living – their per capita GDP ranges from 45% to 110% of the Community average. Three external factors – the maritime environment, the size of an island and its distance from the next landfall – set up a chain of cause and effect which tend to check an island's capacity for economic and social development. Difference in development varies still further because some islands suffer from two or even three handicaps (island nature, mountainous and thinly populated).

However, examination of the Community and national programmes for the five pilot islands in the study – Bornholm (DK), Crete (EL), the Balearic Islands (E), Azores (P) and Highlands and Island (UK) – reveals certain recurrent factors than tend to favour development :

⁹ The Tampere informal Council (October 1999) laid down a programme of twelve measures for the initial implementation of the ESDP, which had been adopted by the Potsdam informal Council in May 1999.

¹⁰ Island regions are defined as land of an area of at least 1 sq.km., permanently inhabited by a statistically significant population (at least 50 people), not linked to the mainland by permanent structures, at least 1 km distant from it and not including the capital of a Member State.

¹¹ The study includes further work to define or update a definition of the criteria for identifying these areas.

- the development of telecommunications, which is vital to combat isolation and associated risks (specific programmes in Denmark and Crete);
- the promotion of clean sources of energy (Denmark, Crete, Azores) and links between the islands and the mainland through an underwater electricity cable (Greece) to solve the problems of energy supply;
- efficient waste management, which is complicated by the small size and fragile ecology of islands. The Danish Law on aid to the islands includes a programme of financial support to provide ‘ecological’ solutions;
- an available supply of drinking water, a problem specific to the islands in the Mediterranean and to the outermost regions. The Balearic Islands have opted for the desalination of seawater;
- economic diversity, which is essential to promote the development of the islands in sectors other than fisheries and tourism.

The projects developed under these programmes depend on solid local backing.

1.5. Socio-economic disparities in a Union of 25

On the basis of the present *acquis*, the list of regions whose development is lagging behind is decided on the basis of the average of the Member States which are members at the point when the decision is taken, i.e. no later than the beginning of 2006. This means that future programming documents can be adopted before the start of the next programming period.

Naturally, the Commission does not yet have the statistics which will be used to draw up this list but it is possible to look at the situation on the basis of the latest figures (*Map 11 - Regions whose per capita GDP is less than 75% of the average, 1997-1998-1999*).

If the Union grows to 25 Member States, the figures for the last three years available (1997-1998-1999) show that the regions whose per capita GDP is less than 75% of the Community average, the threshold under the present *acquis* for eligibility for Objective 1, will have a population of 115 million people, 25% of the total (*Map 11 - Regions whose per capita GDP is less than 75% of the average, 1997-1998-1999*). Within the latter group, four out of ten would still be in the regions of the 15 current Member States while the other six would live in the candidate countries. This demonstrates the extent of the geographical rearrangement of disparities after enlargement.

The regions currently eligible under Objective 1 which, after enlargement, would be above the 75% threshold contain 37 million people. About two thirds of the population of these regions would automatically cease to be eligible because of the fall in the Community average of about 13%. The remaining third would in any case be above the 75% threshold, irrespective of enlargement, which demonstrates the existence of a genuine convergence of some of the regions of the Fifteen (*Map 11 - Regions whose per capita GDP is less than 75% of the average in 1997-99 and Table 5 - Summary statistics for regions falling below the 75% threshold*).

The gaps between the most prosperous and the least prosperous regions would of course be smaller in a Union of 25 than in a Union of 27. Hence, the most developed 10% of regions would have a per capita GDP of 170% of the Community average while the least prosperous

10% would be at about 38%. The ratio between the two groups would therefore be 4.5 (5.8 in a Union of 27) (*Table 6 - The most prosperous and least prosperous regions*).

Smaller gaps in a Union of 25 than in one of 27

The regions of Bulgaria and Romania, which account for the bulk of the least prosperous regions in a Union of 27, would in a Union of 25 give way to regions located principally in Poland and Hungary. In addition, the least developed region in the present Union (Ipeiros, in Greece) would not remain on the list of the least prosperous 10% of regions in a Union of 25 (*Table 7a and b - Lists of the most prosperous and least prosperous regions*).

2. PART II: INITIAL ASSESSMENT OF DISCUSSIONS ON THE FUTURE OF COHESION POLICY

2.1. Discussions in the European Forum on cohesion and in the institutions

The Second Cohesion Report, adopted by the Commission on 31 January 2001, “develops a set of conclusions and recommendations with a view to opening up a debate on the future of cohesion policy after 2006 in an enlarged European Union.”

This debate is taking place right now in the Community institutions, the Member States, the regions and among the economic and social partners. Several positions have been formally notified to the Commission and the Second Cohesion Report has been presented at a large number of meetings in Brussels and elsewhere.

2.1.1. The second European Cohesion Forum

This Forum, which took place on 20 and 21 May 2001, marked the beginning of discussions on cohesion. It was attended by over 1 800 political leaders from all over Europe involved with the design and implementation of the structural policies.

In his introduction to the Forum in May 2001, Mr Prodi, the President of the Commission, highlighted the importance of "solidarity between the peoples, the States and the regions of Europe." Cohesion policy is based on this fundamental principal and represents an "essential instrument to achieve the integration of regions and citizens" in the enlarged Europe of tomorrow, in that it reduces disparities in terms of wealth and opportunity and has shown itself capable of promoting real economic convergence.

The Forum allowed leaders in the Member States, the candidate countries – who were attending such an event on the same footing as the Member States for the first time – and the regions to adopt an initial public position on the future of EU cohesion policy. The proceedings of the Forum are available on the Inforegio website¹² and were published early in 2002.

Contributions and the topics covered reflected the view that:

¹² The proceedings of the Forum are available on the Inforegio website:
http://www.inforegio.cec.eu.int/temporum/forcom_en.htm

a. As the Union expands, the Member States and the regions recognise a need to reinforce cohesion policy¹³:

There is a consensus that disparities will increase as a result of enlargement and that there is therefore an objective need for cohesion efforts to be stepped up. As many participants pointed out, cohesion policy benefits not only assisted regions but the EU as a whole since it stimulates demand for goods and services and increases the overall competitiveness of the Union, so providing opportunities for sustainable growth.

Cohesion policy is the way the European Union expresses solidarity and shows that it is not just a large market but also the guardian of a particular model of society. That is why the Forum summary noted that “the target of 0.45% of the EU’s GDP is a minimum below which the credibility of future cohesion policy would be called into question”.

Nor should cohesion be confined to structural policy. Other Community policies, particularly agriculture and rural development, environment and transport policy, must make a more effective contribution towards this goal.

b. The Union needs a cohesion policy which addresses three types of region and structural problem¹⁴:

- regions whose development is lagging very far behind, most but not all of which are situated in the applicant countries. Their representatives at the Forum called for flexible co-financing rates and expressed a willingness to bear their share of the financial burden, and their confidence in their ability to absorb Community funds allocated, even beyond the existing ceiling of 4% of national GDP. In a transitional phase, however, it may be necessary to balance the aim of the decentralisation of management with the need to ensure the successful absorption of Community funds;
- regions of the Fifteen which have not completed the process of real convergence make up the second group. Their needs should be recognised and treated equitably;
- other regions who face serious structural problems, particularly urban areas, rural areas, which are still highly dependent on agriculture, mountain areas, islands and other areas suffering from natural or demographic handicaps; this third group also includes areas affected by industrial conversion and those which have problems in the services sector.

Cohesion policy must also embody and promote the wider strategic objectives of the Community. There are already clear links between the strategic objectives adopted by the European Council and the support given by the Structural Funds. Key among these are more and better jobs, greater social inclusion, equal opportunities, and a continued push towards the knowledge-based society. The Forum broadly endorsed these four horizontal priorities, which cut across all parts of the EU and candidate countries. However, many of them may require a coordinated response at national and EU level to ensure greater effectiveness in the use of the Structural Funds, e.g. development of a framework for education and training across a Member State.¹⁵

¹³ Forum Summary by Mr Barnier.

¹⁴ Forum Summary by Mr Barnier.

¹⁵ Speech to the Forum by Ms Diamantopoulou.

- c. Strong expectations of a real partnership between regions and local bodies:¹⁶

Representatives from the regions consider that there is a need for greater decentralisation and clarification of roles, particularly between Member States and regions, in order to ensure that partnership is not conducted, or even monopolised, at national level only. An effective partnership, bringing together the private sector, research institutes, public authorities, the social partners and others involved in local communities is one of the keys to a successful regional development strategy.

A considerable number of contributions seek to encourage the Commission to be more receptive to regional and local initiatives and to those designed to promote cross-border cooperation at transnational and interregional level.

The Union has entered the age of the knowledge society, but its impact varies across the regions. Structural policy should therefore encourage the networking of those engaged in regional development while avoiding loss of contact, including through the use of computer media, with the most disadvantaged in society.

The need for transparency and efficiency has encouraged the Union to define the division of responsibilities more clearly, while also concentrating on those measures where the Community can add value. This should result in stronger links between the Union's financial allocations, the value added by Community measures and the results obtained. Linked with the Forum, an Internet 'chat' was organised on 26 March 2001¹⁷ and during March there was a discussion Forum on the Internet site of the Directorate-General for Regional Policy¹⁸.

2.1.2. *At institutional level*

The Structural Actions Group of the Council met on several occasions during the Swedish Presidency. The informal meeting of Ministers held on 13 and 14 July in Namur under the Belgian Presidency discussed the challenge of economic, social and territorial cohesion in the context of enlargement.

Many of those attending the informal meeting welcomed the early start to the discussions on future policy and the relevance and high quality of the points made by the Commission in the Second Cohesion Report. There was broad agreement on the need to continue with a strong cohesion policy and on the priority to be given to regions whose development is lagging behind, both in the candidate countries and in the existing 15 Member States.

By contrast, discussions on the policy for other types of region dealt principally with the quest for greater efficiency, and on the need to concentrate assistance on those measures where Community added value was greatest and through the synergies possible with the other Community policies.

In addition, a number of Member States sent written positions to the Commission. These included the Memorandum to the Commission from the Spanish Prime Minister, and working documents or studies drawn up at the request of government ministries in Lithuania, Italy, the Netherlands and Germany.

¹⁶ Forum Summary by Mr Barnier.

¹⁷ Summary: http://www.inforegio.cec.eu.int/temporum/chat_en.htm.

¹⁸ http://www.inforegio.cec.eu.int/temporum/orum_en.cfm.

The European Parliament will adopt its opinion on the Second Cohesion Report (the Musotto report) in February 2002. Four of its Committees have sent their opinions to the lead Committee, reflecting the level of interest in the subject.

The Economic and Social Committee (ESC) issued an initial opinion on 25 April, in time for the Second Cohesion Forum. It is now preparing further opinions. The ESC's opinion concentrates on the role of cohesion policy and replies to the 'questions for discussion' set out at the end of the 'Conclusions and recommendations' in the Second Report.

By addressing directly the questions in the Second Report, the ESC expands in particular on the four options for the treatment of the regions currently eligible under Objective 1 but which would cease to be so in an enlarged Union because of the statistical fall in average per capita GDP. On this point, it favours raising the current threshold of 75% and continuing to concentrate Community aid on these regions. Its position therefore comes down in favour of the third option. The ESC supports the Commission's position on the need for appropriate financial resources to meet the needs arising from the new situation and on the ten Community priorities set out in the Report.

The Committee of the Regions also issued an opinion on the Second Cohesion Report, in November 2001. It concluded "that the regional dimension of cohesion policy should be strengthened" and that regional policy should "be considered as a horizontal policy with a bearing on all Community activities". It emphasised "the need for more determined involvement of the Member States in cohesion policy."

The Committee considered that "Regions which, but for enlargement, would have qualified for Objective 1 after 2006 must retain their eligibility in the framework of an enlarged European Union" and that "no region must see its Structural Fund support suddenly cut. There should in any event be a safety net, and an adequate phasing-out system." Application of these principles, added the Committee, made it "necessary to take into account the specificities of regions with permanent geographical handicaps, i.e. island regions, mountain regions, sparsely populated regions and outermost regions, as it has been done until now."

As regards the financial aspects, the Committee rejected "the ceiling placed on cohesion policy funding of 0.45% by the Berlin European Council in 1999".

Finally, it expressed its support for "a polycentric development of the European area. This concept could be the spatial framework to address the territorial imbalances between and within the European macro-regions."

2.1.3. Other discussions

The future of cohesion policy in the context of enlargement was the main subject of over a hundred seminars and conferences organised both in Brussels (attended by delegations from the regions) and in many Member States and regions. In some cases, the subject was also covered at meetings with the economic and social partners.

In some regions and at meetings organised at European level, the discussions resulted in the adoption of written positions forwarded to the Commission. Studies were also made on the consequences of enlargement for the European Union with special emphasis on cohesion policy. They contain the first financial estimates by experts or study centres for the period after 2006.

2.2. The issues most widely discussed

At the end of the 'Conclusions and recommendations' section, the Second Cohesion Report raised ten questions designed to guide discussions on future cohesion policy. However, other topics including financial resources were also discussed widely. This initial summary of the contributions made so far has been prepared and structured according to the main topics discussed.

2.2.1. *Priority to development shortfalls*

There is unanimous agreement that regional disparities will grow after enlargement, with accompanying growth in the need for cohesion policy. The importance of action at Community level for the least developed regions of the present Union, and the serious problems which afflict most regions in the candidate countries, is also recognised¹⁹. Discussion has therefore centred on determining how inclusive the definition of regions whose development is lagging behind should be, and hence the criteria that should be used to define them.

Financial support for the least advanced regions in the Union of 15, and later for those in the countries which join the Union, must go hand-in-hand with a definition of the content of cohesion policy. The Union must support those factors which have a decisive role to play in promoting competitiveness and which help to reduce the major imbalances which affect the territory. This is vital to ensure that funds are used in a way which is likely to help ensure sustainable economic development in the regions concerned. The central plank in cohesion policy must therefore be 'structural factors ... that improve the context in which the least developed regions can develop ... The cohesion policy works best when it focuses on the quality of the assistance and the quality of the development it manages to bring about.'²⁰

Regional transfers must be used as part of a coherent development strategy, forming an integral part of a broader strategy for growth and stability based on the European Employment Strategy, sound macroeconomic policies and the active support of all the interest groups concerned, particularly the social partners²¹.

The question of adjusting the goals of cohesion policy to cope with the greater regional disparities in an enlarged Union and to the new realities of economic and social development was raised on several occasions. A number of contributions seemed to suggest that the current areas of assistance might cease to be appropriate in the light of the serious problems of economic transition and catching up in the candidate countries²².

2.2.2. *A regional or national approach*

Some studies argued for a national rather than a regional approach to both the eligibility of the candidate countries for Objective 1 and the development strategy to be followed, the

¹⁹ See in particular the Presidency summary of the Namur informal Council on 13 and 14 July 2001 and the opinions of the institutions on the Second Report on economic and social cohesion.

²⁰ Speech to the Second European Cohesion Forum by the Italian Prime Minister, Mr Amato.

²¹ See in particular the conclusions of the Second European Cohesion Forum.

²² See, for example, the Memorandum from Eurada, Reply to the ten questions in the Second Report on economic and social cohesion: 'The approach whereby the regions of the Accession Countries are offered Objective 1 status without prior consideration of the appropriateness of the concept in regions of the typology and state of economic development encountered in those countries seems to lack ambition.'

distribution of Community funds and the possible establishment of political and administrative structures in the regions²³.

There are arguments in favour of a national approach. For example, it would also provide more flexibility for the Member States to organise the delivery of assistance at regional and local level inside the country. It could thus allow the generally more prosperous growth poles within Member States to be covered by European regional development programmes which could have important spill-over effects for the growth of the economy as a whole.

On the other hand, regional or local approaches, based on the association of a wide-ranging partnership, are likely to be more flexible and more capable of responding to needs on the ground, and to encourage innovation. In the candidate countries, the creation of regional and local political structures has an important role in motivating citizens to participate actively in their new democracies. Many contributions also recognised the institutional importance of regional organisations of cross-border, interregional and transnational cooperation that have been created in the context of the implementation of Structural Funds.

In any case, a national approach presupposes the use of an eligibility criterion which would seem to be difficult to reconcile with both the text of the Treaty²⁴ and the *acquis communautaire* derived from it. It would differ from the treatment applied hitherto to the present Member States, for which the same arguments on national prosperity had sometimes been advanced in the past.²⁵

Advocates of the national approach came out against the 'artificial' creation of regions in the candidate countries, alleging that this was what the Commission was doing²⁶. In fact, the contrary is the case, and the Commission is not imposing regional structures. It has also been contended that many of the candidate countries - the Baltic States, Slovenia, Cyprus and Malta - are too small to justify their division into a number of territorial units at NUTS 2 level. In the other candidate countries, establishing territorial units of a size comparable to those which exist in the present Union has met with few problems.

2.2.3. *The regions whose development is lagging behind in the present Member States*

There have been no proposals to confine Community aid to the new Member States. Indeed, even among the candidate countries, views have been expressed favouring structural support for the regions eligible under Objective 1 in the present Member States²⁷. Although, early in the discussions, some interventions still raised the question of two thresholds (option 4 in the

²³ Study by the German Institute D.I.W., Deutsches Institut für Wirtschaftsforschung 'Reformbedarf bei den EU-Politiken in Zuge der Osterweiterung', Berlin and Göttingen, May 2001. IBO study, 'The financing of the EU structural policy in the context of the enlargement of the EU', September 2001.

²⁴ Article 158 of the Treaty states that to strengthen 'its economic and social cohesion, ... the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands.'

²⁵ Speech to the Second European Cohesion Forum by the Portuguese Minister of Planning, Ms Ferreira. "The overall level of Portuguese national prosperity still requires significant help from Europe"

²⁶ Working paper from ESRC, Economic and Social Research Council, Sussex European Institute, 'Regional Deficit in Eastward Enlargement of the European Union: Top down policies and bottom up reactions', 2001.

²⁷ Speeches to the Second European Cohesion Forum by the Prime Minister of Poland, Mr Buzek, and the Minister of Regional Development of the Czech Republic, Mr Lachnit.

Second Cohesion Report), there seems no longer to be support for this. This shift in positions seems to result from the fear of encouraging the development of a two-track regional policy²⁸.

Most of the regions currently eligible under Objective 1 naturally raised the question of the statistical effect of enlargement on the eligibility threshold and the risk of losing the status it confers, even though their problems of real convergence had not been solved²⁹.

Several speeches returned to themes discussed at the time of Agenda 2000 on the possibility of restricting EU support only to countries that are less developed than the Union average (often alongside positions advocating a national approach to eligibility for support)³⁰.

As regards the eligibility criteria themselves, and the related question of financial allocations, while some wished to add further criteria to per capita GDP, no concrete alternative proposal for defining the eligibility of regions whose development is lagging behind has yet been tabled³¹.

2.2.4. Support for the other intermediate regions in the present Union

Many regions outside Objective 1 which are currently beneficiaries regret that their experience has not received full recognition³². Exchanges of experience with other regions in a similar position, and with the transnational projects, are often mentioned as useful in this respect³³.

While there is general acceptance that the present system of 'direct' identification of eligible regions by the Commission, outside Objective 1, should not continue, there are fears about entrusting to central governments alone the power to decide on the areas eligible³⁴. The need to use Community criteria to define the eligible areas is often mentioned.

So far, there has been no real discussion on the identification of activities likely to provide high Community value added, on which Community assistance should be concentrated. This is, first of all, because the discussion has focused mainly on the priority objectives and,

²⁸ See the two speeches referred to in the previous note and the non-paper from Lithuania, May 2001.

²⁹ Memorandum from the Spanish Prime Minister to Mr Prodi, April 2001; speech to the Second European Cohesion Forum by the Portuguese Minister of Planning, Ms Ferreira; Point of view of the Association of mining regions, November 2001; Resolution by RETI (Association of European Regions of Industrial Technology), April 2001; Comments by COPA and COGECA on the Second Report on economic and social cohesion, November 2001. Position of the Welsh Assembly, Jan 2002

³⁰ See note 23 above.

³¹ Other than Italy's memorandum on economic and social cohesion in June 2001. This regards the goal of cohesion policy as being to make the regions of the candidate countries and the existing Member States more competitive through development of their local resources – natural, cultural and human – by encouraging local development potential. The memorandum proposes the use of solid indicators able to measure the under-employment of resources (such as the employment rate) or geographical characteristics.

³² Position of the North West England Regional Assembly, May 2001; Forum on the Future of Europe at the Musée de l'Air et de l'Espace – Le Bourget, organised by the Prefecture of Seine-Saint-Denis on 25 September 2001.

³³ Summary of the discussions in the Second European Cohesion Forum.

³⁴ See in particular the opinion of the Economic and Social Committee in April 2001, the position of the East of England Regional Assembly and Development Agency, the opinion of the Conference of the Peripheral Maritime Regions of Europe, first opinion on the Second Cohesion Report, February 2001. By contrast, the Association of mining areas said in November 2001 that EUR-ACom was in favour of the Member States having discretionary powers, to be used in consultation with the appropriate local and regional authorities, to select their own Objective 2 areas, and RETI in April 2001.

secondly, because most of the regions concerned by this subject have tended to regard the level of Community support as insufficient for them to change their national or regional priorities.

2.2.5. *Financial resources for the future cohesion policy*

The Second Cohesion Report did not cover the financial implications of enlargement for cohesion policy, simply citing that the European Council in Berlin provided for an amount equivalent to 0.45% of GDP for cohesion policy in 2006, including the resources planned for structural policies in the candidate countries before and after enlargement.

Some political leaders and European organisations have nevertheless given priority in the discussions to the financial question, sometimes in order to evaluate the relative contributions of the Member States to the Community budget, including the budget for cohesion policies³⁵.

Some consider that the needs of cohesion require a substantial increase in resources beyond the figure of 0.45% so that the policy can be extended to regions other than those that are defined as least developed³⁶.

Other studies sent to the Commission contain proposals to cut cohesion policy expenditures sharply, mainly by removing Community support for areas other than the least developed regions and through applying, without exception, the ceiling of 4% of national GDP to transfers from the Structural Funds and the Cohesion Fund.

2.2.6. *Simplification*

One of the goals set out in Agenda 2000 was to simplify the system for implementing the Structural Funds. There appears to have been insufficient practical progress in this direction. It has been alleged that an excessive level of detail has had to be supplied to the Commission at the beginning of the current programming period, which has been further complicated by the requirements for additional information in the so-called 'programme complements' and the delays in the procedure to validate these complements³⁷.

It has also been said on a number of occasions that the gains secured through cohesion policy have not derived solely from the financial assistance provided to the weakest regions but also from the process used to manage the transfers and the nature of the implementing programs. For a number of reasons, the system for implementing the Funds is widely regarded as making a major contribution to improving administrative policies and structures throughout the Union, such as³⁸:

³⁵ In particular the DIW and IFO studies and the contributions from the CPMR.

³⁶ CPMR, Towards a new regional policy, May 2001, which considers that the Community effort should lie between 0.55% and 0.65% of Community GDP; Yorkshire and the Humber European Strategy Board, November 2001: 'The current limit on the budget for cohesion – 0.45% - is inadequate given the extent of the problems faced by the Accession States and the on-going problems that exist within the current EU 15 that will not be resolved by 2006'; Summary of views from the regions of Eastern Finland, August 2001; EUROCITIES response to the Second Cohesion Report, July 2001; Working memorandum by the region of Brittany, April 2001.

³⁷ The Namur informal Council discussed the state of programming and the outcome of the negotiations on Objective 1 for 2000-06. However, the representatives of the Member States expressed considerable concern about the risk of not achieving the goal of greater simplification linked to decentralisation because of implementation of the rules on financial management and supervision by the Commission.

³⁸ See in particular the summary of discussions in the Second European Cohesion Forum.

- the formulation of coherent programmes and projects to resolve social, environmental and regional problems;
- the ring-fencing over several years of the resources required to carry out these programmes and projects;
- the formation of partnerships at local and regional level;
- effective monitoring and evaluation of structural measures.

Technical assistance and the possibility of setting up networks combining project managers and beneficiaries are also seen as elements of Community added value³³.

2.2.7. *Relations with the other Community policies*

One of the issues most widely discussed in the regions is the contribution which the other Community policies can make to cohesion, including the potential positive or negative consequences which certain policies can have on balanced regional development³⁹.

The policies most frequently mentioned are the common agricultural policy⁴⁰, transport⁴¹ and energy⁴² policies (particularly the trans-European networks), competition policy (particularly the role of state aids⁴³) and the policies on the environment and research and development⁴⁴. It is generally considered that these policies could take greater account of regional problems.

In the case of human resources, a number of challenges have been identified as contributing to a more thorough assessment of future cohesion policy: the sheer scale of regional imbalances in the labour market and economic development following enlargement; the polarisation of the labour market and society; increasing skills requirements; continuing gender inequality; the need to modernise economic and social systems in response to demographic changes; and

³⁹ See in particular the Presidency's summary of the Namur informal Council on planning policy, the opinion of the Economic and Social Committee, the draft opinion of the European Parliament, the initial opinion of the CPMR, February 2001, and the comments by COPA-COGECA which stress the considerable benefits which stem from support through the CAP, both in terms of the upstream/downstream sectors and businesses that depend on agricultural production and also the important role of farming in managing the countryside and landscape which directly contributes to the quality of life of the EU population as a whole »

⁴⁰ The second cohesion report took account of the effects of the reform of the CAP in 1992 and demonstrated its positive contribution to cohesion at national level as well as the more mixed picture at regional level. See also the DG REGIO study entitled "Spatial impacts of community policies and the cost of non-co-ordination", June 2001, in particular, the conclusions and recommendations.

⁴¹ On 12 September 2001 the Commission adopted its White Paper "European Transport Policy up to 2010 : the time for choices" COM (2001) 370 final, which highlighted the need for better articulation between financial instruments such as the Cohesion Fund and the budget line for TransEuropean Networks (pages 58 and 59)

⁴² See in this respect Commission Communication "European Energy Infrastructures" COM(2001) 775 final

⁴³ See the position of UNICE on the Commission's Second Report on the state of economic and social cohesion in the European Union, November 2001: "UNICE reiterates its firm support for pursuit of an EU economic and social cohesion policy...The purpose of European (and indeed national) aid is to allow regions and/or countries with a development lag to improve their competitiveness. Thus, such aid must be maintained over a sufficient period.... Conditions which guarantee fair competition must be strengthened, in particular through ongoing and active reduction of state aid."

⁴⁴ Cohesion policy must be coordinated with efforts as regards infrastructure, research, education and the expansion of knowledge. Declaration of principle, Europaforum, Northern Sweden, October 2001.

the growing pressures from migration and mobility⁴⁵. Policies in the fields of electronic communications, education and training are of fundamental importance in preparing the way for the knowledge society.

Regarding environmental policy, it should be noted that the Göteborg European Council in June 2001 came out in favour of a strategy capable of reconciling the aims of economic, social and environmental development in the long-term by addressing counter-tendencies (health risks, reduced biodiversity, saturation of transport). This should enable the outline to be formed of a 'new' model of regional development compatible with the Union's aim of promoting balanced development.

For some policies, the impact on cohesion must be considered from the design phase, e.g. by looking at different alternatives.⁴⁶ The White Paper on Governance presented by the Commission⁴⁷ deals with this question and proposes introducing a method which would allow greater coordination of Community policies which have an impact on planning and the role of the partners at regional and local level. A considerable effort is also being made to improve environmental governance.⁴⁸

Finally, many contributions are also concerned about the difficulties which the candidate countries will experience in complying with the *acquis communautaire* in all areas, which is an additional argument in favour of taking the cohesion dimension of EU policies into account more clearly.

2.3. Continuing discussions

During 2002, the Commission will organise several seminars on the 'territorial' and 'horizontal' priorities, as announced at the Second European Cohesion Forum.

The discussions will not be concerned either with the general problems of eligibility or with financial resources. The aim of the seminars will be to identify, within each priority, the actions with high Community added value that could merit assistance from the Structural Funds in the future. The seminar on the six territorial priorities mentioned in the Second Cohesion Report will take place at the end of May. Issues to be covered include the problems facing the less-developed regions, the geographical effects of economic restructuring, and regional integration. This seminar will be followed by a second on the other priorities of a horizontal nature including employment and social inclusion.

The Commission also intends to organise during the second half of 2002 a seminar on the management and simplification of the implementation of structural measures covering the following issues: public-private partnerships and financial engineering, the programming system (including the number of Funds and coherence with the Cohesion Fund and the other Community financial instruments), systems of management, monitoring, financial control and partnership. While in the Second Cohesion Report, the Commission noted that it was too early

⁴⁵ High Level Group on the future of the European Social Fund chaired by Ms Diamantopoulou, member of the Commission.

⁴⁶ See for example the further contribution by the CEEP, 'What is the place of social cohesion in post-Lisbon Community policy?' March 2001 and EURADA's Memorandum.

⁴⁷ White Paper on Governance COM (2001) 428 final, dated 25 July. See in particular point 3.1 "Increasing the participation of actors"

⁴⁸ The Commission's White Paper on Governance: what's in it for the environment?, conference held in Brussels, 3-4 December 2001.

to evaluate the effectiveness of the present system for the implementation of programmes, this seminar could provide an opportunity for an exchange of experience in preparation for further work.

The Commission will invite experts and representatives from the Member States, the regions most concerned and the candidate countries to attend these seminars.

Reminder of the four options for determining the eligibility of regions whose development is lagging behind and transitional support in the Second Cohesion Report

The conclusions and recommendations of the Second Cohesion Report⁴⁹ state ‘In the light of the foregoing, the exercise of Community cohesion policy in relation to lagging regions could take one of the following four forms:

1. The application of the present threshold of 75% irrespective of the number of countries joining the Union. This option on its own would eliminate a large number of regions in EU 15. Their future eligibility for EU support would depend on the priorities and criteria for support outside the least developed regions.
2. The same approach, but where all regions above this threshold but currently eligible under Objective 1 should receive temporary support (phasing-out), the level being higher the closer their GDP to the eligibility threshold. Two levels of temporary support could be envisaged, one for regions which, because of the extent of their convergence at the end of the 2000-2006 period, would no longer be regarded as having lagging development in an EU 15, the other, set at a higher level, for those which would have been below the 75% threshold without enlargement.
3. The setting of a GDP per head threshold higher than 75% of the average, at a level which would reduce or even eliminate the automatic effect of excluding those regions in the EU 15 simply because of the reduction in the average EU GDP per head after enlargement. It should also, however, be set at a level which excludes those regions which would no longer qualify at the end of the current programming period in an EU 15 without enlargement.
4. The fixing of two thresholds of eligibility, one for the regions in EU 15 and one for the candidate countries, and leading de facto to two categories of lagging region. This could have a similar result to the previous solution in financial terms in a situation where the aid intensity per head from Union funds is related to regional prosperity.’

⁴⁹

Second Cohesion Report, COM(2001) 24 final, page xxxiv of the ‘Conclusions and recommendations’.

ANNEX

PREPARING FOR ENLARGEMENT UP TO THE END OF 2006

Between now and 2006, the candidate countries will take part in regional and cohesion policy on the basis of the *acquis communautaire*, including any necessary technical adaptations. To that end, in November 2001 the Commission presented the Council with an information note setting out the principles which should guide the accession negotiations on regional policy. These principles should also ensure that the result of these negotiations would be independent of discussions on the future of cohesion policy after 2006.

The information note sets out how well the Commission thinks the candidate countries will prepare their administrative apparatus for implementation of the structural instruments. It also proposes criteria for the provisional closure of this chapter and a way of determining the eligibility of the new Member States for the three Objectives of the Structural Funds and the Cohesion Fund. Finally, it proposes a way of dealing with the question of financial allocations under the Structural Funds in the new Member States, until an overall decision is taken on the financial framework proposed in Berlin.

If the new Member States join in 2004, the Commission will determine the eligibility of the Objective 1 regions using data on per capita GDP for the last three years available (currently 1997, 1998 and 1999), calculated from the average for EU 15 (Map 12 and table 8 per capita GDP in the regions of the candidate countries). Establishment of a development policy for these regions is a new task for the authorities of the candidate countries, who have only limited resources. This means that the creation of development policies at national level and upgrading their administrations are of crucial importance. They will therefore receive specific assistance financed from the Phare programme.

Considerable progress has already been made in this area but many problems still remain to be settled in most of the candidate countries. In addition to defining a NUTS territorial breakdown approved by the Commission, these countries have still to allocate responsibilities for the programming and management of the Structural Funds (inter-ministerial cooperation, designation of the managing and paying authorities, clarification of the role of the regions, etc), in order to prepare the first programming documents.

The first programming period will be very short, which means that considerable preparatory work will have to begin well before it starts with the responsible authorities in the candidate countries working full-time. That is why the Commission has issued recommendations and a special timetable for the preparation of the candidate countries to manage the Structural Funds. These may be summed up as follows:

- since the structures for the programming and management of the Structural Funds have to be established for an initial brief programming period, the number of programming documents should be as small as possible;
- the (managing and paying) authorities concerned and the description of the duties to be delegated to other bodies (while the central authorities remain responsible to the Commission) should be determined now;

- before signing the accession treaty, each candidate country is invited to send the Commission a plan (or a draft single programming document) containing the operational programmes required by the general Regulation on the Structural Funds⁵⁰ for each of the Objectives for which it will be eligible;
- the period between signature of the accession treaties and their ratification should therefore be used to finalise all the programming documents so that the formal procedures for adoption of the various programming documents under the Structural Funds can be completed in the first few months following accession.

All these preparations will be covered by seminars in the countries concerned and continuously monitored with the authorities of each candidate country, the Commission and experts from the Member States. The Commission will also shortly propose general indicative guidelines adapted to the situation of each candidate country, to help them prepare their programming of Community assistance.

The specific requirements of the transition economies and the experience of the Phare programme in preparing the candidate countries lead the Commission to propose that Cohesion policy in the future Member States should lay particular emphasis⁵¹ on pursuing and strengthening the **institutional capacity** of these countries in respect of the national and regional administration (including the statistical system) needed to implement the Structural Funds. The Structural Funds should also help business to meet the challenges of the internal market and satisfy Community quality standards

This demanding administrative preparation must be carried out using all the opportunities for simplification offered by the *acquis communautaire*. To that end, devoting one third of structural resources to the Cohesion Fund, as stated in the Second Cohesion Report and in the information note of November 2001, and reducing the number of items of Community assistance as far as possible are major ways of facilitating the implementation of structural measures in the period up to the end of 2006.

p.m. Table 9 Main regional indicators⁵²

⁵⁰ Council Regulation (EC) No 1260/1999.

⁵¹ As a complement to the three main areas at the moment: infrastructure, human resources and productive investment. The weighting given to each will, as now, depend on the situation of each beneficiary country and the priorities set out in their programming documents.

⁵² Note: Maps, tables and graphs containing information on Cyprus refer only to the southern part of the territory. Figures for the north are not yet available.

TABLE OF CONTENTS

Synthesis and next steps	2
I. Situation and trends	2
II. Cohesion policies after 2000-06: the state of the debate	3
III. Next steps and other considerations	5
Introduction	7
1. Part I : Situation and trends in the regions	8
1.1. Economic cohesion, one year after the Second Cohesion Report.....	8
1.1.1. Confirmation of real convergence in the existing Union.....	8
1.1.2. Three groups of countries in a Union of 27	8
1.2. Employment and social cohesion in the existing Union and in the twelve candidate countries.....	9
1.2.1. Disparities in the existing Union.....	9
1.2.2. Unemployment in a Union of 27.....	11
1.3. New data on the factors determining real convergence	12
1.3.1. A very wide variety of demographic trends.....	12
1.3.2. A general increase in levels of education.....	12
1.3.3. The knowledge society - disparities remain substantial.....	13
1.4. The territorial component of cohesion	13
1.5. Socio-economic disparities in a Union of 25	15
2. Part II: Initial assessment of discussions on the future of cohesion policy	16
2.1. Discussions in the European Forum on cohesion and in the institutions.....	16
2.1.1. The second European Cohesion Forum	16
2.1.2. At institutional level.....	18
2.1.3. Other discussions	19
2.2. The issues most widely discussed	20
2.2.1. Priority to development shortfalls.....	20
2.2.2. A regional or national approach.....	20
2.2.3. The regions whose development is lagging behind in the present Member States....	21
2.2.4. Support for the other intermediate regions in the present Union.....	22
2.2.5. Financial resources for the future cohesion policy	23

2.2.6.	Simplification.....	23
2.2.7.	Relations with the other Community policies.....	24
2.3.	Continuing discussions.....	25
	Preparing for enlargement up to the end of 2006	28

LIST OF ILLUSTRATIONS

LIST OF MAPS

Map	1	Per capita GDP by region (PPS), 1999
Map	2	Change in per capita GDP (PPS) 1995-99
Map	3	Employment rates, 2000
Map	4	Unemployment rate by region, 2000
Map	5	Unemployment rates, 2000
Map	6	Employment by sector, 2000
Map	7	GDP per person employed (EUR), 1999
Map	8	Population growth by NUTS2 regions, 1995-1999
Map	9	Population density by NUTS3 regions, 1999
Map	10	Levels of education, 2000
Map	11	Regions whose per capita GDP is less than 75% of the average (1997-98-99)
Maps	12	Per capita GDP in the regions of the candidate countries, average 1997-98-98

LIST OF GRAPHS

Graph	1	Per capita GDP (PPS), 2000
Graph	2	Unemployment rate by country and regional extremes, 2000
Graph	3	Population with income below the poverty line, 1997
Graph	4	Motorway index, 1988 et 1998
Graph	5	Roads index, 1988 et 1998

LIST OF TABLES

Table	1	GDP and population growth in cohesion countries 1988-2002
Table	2	Per capita GDP (PPS) in Objective 1 regions (1994-99), 1995-1999
Table	3	Disparities in per capita GDP (PPS) by region within Member States, 1989-99
Table	4a	Regions with lowest employment rates, EU-15, 1999/2000
Table	4b	Regions with highest employment rates, EU-15, 1999/2000
Table	5	Summary statistics for regions falling below the 75% threshold, 1999
Table	6	The most prosperous and least prosperous regions, 1989-1999
Table	7a	Lists of the most prosperous and least prosperous regions, EU-27, 1999
Table	7b	Lists of the most prosperous and least prosperous regions, EU-25, 1999
Table	8	Per capita GDP (PPS) in the regions of the candidate countries, 1997-98-99
Table	9	Main regional indicators