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II

(Preparatory Acts)

COMMITTEE OF THE REGIONS

58th PLENARY SESSION OF 23 AND 24 FEBRUARY 2005**Opinion of the Committee of the Regions on the 'Communication from the Commission to the Council, the European Parliament, the European Economic and Social committee and the Committee of the Regions — Flood risk management — Flood prevention, protection and mitigation'**

(2005/C 164/01)

THE COMMITTEE OF THE REGIONS,

Having regard to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social committee and the Committee of the Regions — Flood risk management — Flood prevention, protection and mitigation (COM(2004) 472 final);

Having regard to the decision of the European Commission of 12 July 2004 to consult it on this subject, under the first paragraph of Article 265 of the Treaty establishing the European Community;

Having regard to its President's decision of 26 May 2004 to instruct the Commission for Sustainable Development to draw up an opinion on this subject;

Having regard to the Council Conclusions on Flood risk management adopted on 14 October 2004;

Having regard to its opinion on the Commission Proposal for a Council Directive establishing a framework for Community action in the field of water policy (COM(1997) 49 final — CdR 171/97 fin ⁽¹⁾);

Having regard to its opinion on the Commission Communication on the sixth environment action programme of the European Community 'Environment 2010: our future, our choice — the Sixth Environment Action Programme', and the proposal for a decision of the European Parliament and of the Council on the Community Environment Action Programme 2001–2010 (COM(2001) 31 final — CdR 36/2001 fin ⁽²⁾);

Having regard to its resolution on the recent flood disasters in Europe and the establishment of the European Union Solidarity Fund (CdR 294/2002 fin ⁽³⁾);

Having regard to its own-initiative opinion on Management and consequences of natural disasters: the role of European structural policy (CdR 104/2003 fin ⁽⁴⁾);

Having regard to its opinion on the Commission proposal for a regulation establishing a European grouping of cross-border cooperation (COM(2004)496 final — CdR 62/2004 fin);

⁽¹⁾ OJ C 180, 11.6.1998, p. 38

⁽²⁾ OJ C 357, 14.12.2001, p. 44

⁽³⁾ OJ C 66, 19.3.2003, p. 26

⁽⁴⁾ OJ C 256, 24.10.2003, p. 74

Having regard to its opinion on the Communication from the European Commission 'Building our common Future — Policy challenges and Budgetary means of the Enlarged Union 2007-2013' (COM(2004) 101 final — CdR 162/2004 fin);

Having regard to its opinion (CdR 299/2004 rev.1) adopted on 9 December 2004 by its Commission for sustainable development (rapporteur: **Mr Alderink**, Member of the Executive Board of the Province of Gelderland (NL/ALDE));

WHEREAS

- 1) Flood risk management is an important issue for European regions and municipalities. Many regional and local authorities have to deal with the risks of flooding from either rivers or the sea to protect and preserve the quality of life for their citizens.
- 2) Different types of floods can be identified due to their different regional characteristics. Diverse measures are required to reduce the likelihood and impact of floods. A regional approach towards flood risk management is therefore necessary.
- 3) Rivers and seas do not respect boundaries. It is therefore necessary to strive for cross-border cooperation between inhabitants and administrators in coastal areas and in entire catchment areas of rivers. It is essential to create solidarity between people who are not directly threatened by floods and those who live on banks or shores which are threatened by flooding.

adopted the following opinion at its 58th plenary session of 23 and 24 February 2005 (meeting of 23 February):

1. The Committee of the Regions' views

THE COMMITTEE OF THE REGIONS

1.1 **welcomes** the essential features in the Commission Communication and in particular the concerted action programme on flood protection and **underlines** that seas and rivers are dynamic systems which can not be controlled by simple or sectorial measures;

1.2 **appreciates** that flood protection measures in one region may affect flooding in other upstream or downstream regions. It is therefore important that the effects of measures are determined for the entire river basin. However, this approach should not lead to prescribed models, standardised plans or further bureaucracy as regional and local authorities know that they are bound in diversity and not in uniformity;

1.3 **realises**, however, that determining the effects of measures on an entire river basin requires a minimum number of standard indicators. These indicators offer the possibility to fine-tune and coordinate actions on an international, national, regional and local level. To assure flexibility it should be possible to alter the number of standard indicators depending on the circumstances;

1.4 **underlines** that the citizens should be made aware of the importance of taking preventive measures when there is no perceived threat. Commitment of the citizens is very important, as citizens are the actual standard bearers of the principle of solidarity. This is particularly important for those citizens who live in river basin areas that face no acute or potential danger of flooding, but which parts may in particular be sensible to create runoff;

1.5 **appreciates** that the Council on 14 October 2004 concluded that in the context of the regular meetings of the EU Water Directors the action programme on flood protection should be prepared in cooperation with other stakeholders and relevant parties and **emphasises** that European regional and local authorities should participate in this preparation;

1.6 **encourages** and would like to take active part in stimulating regional and local authorities to develop plans before 2007 that fit, in advance, within the new EU possibilities for financing, taken into account that using EU financial support, means that national, regional and local financial participation is required.

2. Committee of the Regions' recommendations

THE COMMITTEE OF THE REGIONS

2.1 **considers** that the threat of flooding is a communal problem and that it should be addressed on the level of the entire river basin catchment area. The overall aim should be to create a common responsibility and solidarity within the river basin area so that the entire area would be considered when looking for effective measures to fight the threat of flooding in a small area of the basin;

2.2 **considers** that it is essential to raise awareness among all stakeholders in a river basin and certainly to upstream areas that are not, or to a lesser extent, prone to flooding but who contribute by their land use to create runoff and **recommends** that all regional and local authorities in a river basin should be obligated to active participation in the process of planning for preventative measures;

2.3 **supports** the river basin approach as an integrated way of working, without any sectorial exceptions. This method will have to be practised when applying the principle of solidarity, which is also **supported** by it;

2.4 **believes** that the European Commission's Monitoring and Information Centre for Civil Protection could play an important role in addition to the spreading of information to national, regional and local authorities and **recommends** that the Centre introduce activities aimed at increasing awareness also among stakeholders, both for the general public and for industry; to enhance river basin wide solidarity, **recommends** that the Centre establishes flood partnership initiatives;

2.5 **believes** that only a wide integrated approach, which encompasses several policy sectors, could lead to the desired effect in the longer term, therefore **suggests** that the action programme on flood protection actively addresses the multidisciplinary range of soil bounded policies;

2.6 **underlines** the importance of the implementation of the principle of solidarity in a strategy with three steps, namely, retaining, storing and draining water. A proper land use and water management system may reduce floods in large rivers and especially in smaller rivers. An example of this is to use the water storage capacity of the soil, small water systems and small basins as the storage of rain in these elements may reduce peak discharges in the rivers;

2.7 **advises** the Commission to lay down the activities required to reduce the impact or likelihood of floods in an action programme involving cooperation at all administrative levels concerned. The development of flood risk management

plans should not be hindered by a noncommittal attitude of any Member State;

2.8 **suggests** that when devising and fine tuning the measures for flood protection, the working methods and the principles of the Water Framework Directive should be used, without striving to amend the Directive;

2.9 **believes** that in the long-term the action programme on flood protection should be attuned to all measures that are the result of the Water Framework Directive;

2.10 **takes a positive view** of an action programme on flood protection with short-term and long-term objectives. In the short term it is absolutely imperative that existing initiatives, especially those aimed at the implementation of structural measures, will be continued. Regional and local authorities need to make every effort to realise concrete actions in the range of flood prevention in anticipation of the action programme;

2.11 **takes the view** that the success of the action programme on flood protection is closely linked to satisfactory financing. This view is reflected in the proposed Financial Perspectives for the period 2007-2013 and in the proposals for Regional Development Fund, the EU Social Fund, and the EU Cohesion Fund;

2.12 **strongly supports** the Commission's proposed method for pinpointing, disseminating and promoting best practice. To this end, regional and local authorities and any stakeholders in the various regions who could make a useful contribution should be involved, alongside the Member States.

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the 'Communication from the Commission to the Council and the European Parliament: Building our Common Future: Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013'

(2005/C 164/02)

THE COMMITTEE OF THE REGIONS,

Having regard to the Communication from the Commission to the Council and the European Parliament 'Building our Common Future: Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013', COM (2004) 101 final;

Having regard to the European Commission's request of 18 March 2004 for its opinion on this subject under Article 265(1) of the Treaty establishing the European Community and according to the cooperation protocol of September 2001 between the European Commission and the Committee of the Regions, which encourages the Committee of the Regions 'to draw up strategic documents reviewing matters which the Commission regards as important';

Having regard to the decision of its President of 26 May 2004, to entrust the Commission for Territorial Cohesion Policy with the task of drawing up the opinion and the decision of its Bureau of 15 June 2004 to set up a working group with the task of assisting the rapporteur in his task;

Having regard to the conclusions of the first (7 July 2004) and the second (16 November 2004) meetings of the working group held in Brussels and the contributions of the representatives of its internal commissions;

Having regard to the supplementary Communication from the Commission to the Council and European Parliament 'Financial Perspectives 2007-2013', COM (2004) 487 final, intended to develop a first set of detailed policy proposals;

Having regard to the report of the Committee on Budgets of the European Parliament on the Communication of the European Commission COM (2004) 101, A5-0268/2004, Rapporteur: Mr Terence Wynn; and the complementary opinion of the Committee on Regional Policy adopted on 18 March 2004, Rapporteur: Samuli Pohjamo;

Having regard to its outlook report on 'Governance and simplification of the Structural Funds after 2006' (CdR 389/2002 fin); ⁽¹⁾

Having regard to its opinion (CdR 120/2004) of 12 June 2004 on the Third Cohesion Report ⁽²⁾;

Having regard to its draft opinion (CdR 162/2004 rev.3) adopted on 26 November 2004 by its Commission for Territorial Cohesion Policy (rapporteur: Cllr Sir Albert Bore, Birmingham City Council (UK, PES));

Having regard to the European Parliament Resolution on the Financial Perspectives, adopted on 2 December 2004;

Having regard to the Communication of the European Commission to the European Spring Council on 2 February 2005, 'Working together for growth and jobs: a new start for the Lisbon Strategy', COM (2005) 24;

⁽¹⁾ OJ C 256, 24.10.2003, p. 1

⁽²⁾ OJ C 318, 22.12.2004, p. 1

Whereas the key yardstick for the Committee's assessment continues to be the objectives set out in Articles 2 and 158 of the EC Treaty ⁽¹⁾. Strengthening economic and social cohesion and solidarity in order to promote the overall harmonious development of the Community and to reduce differences between regions particularly in respect of reducing the development shortfalls of the most disadvantaged areas, will make a significant contribution to strengthening the role of regional and local authorities in Europe, and contribute to the achievement of the Lisbon and Gothenburg agendas;

Whereas Article III-116 of the Draft Treaty establishing a Constitution for Europe strengthens the cohesion objective by introducing a territorial dimension, *'In order to promote its overall harmonious development, the Union shall develop and pursue its action leading to the strengthening of its economic, social and territorial cohesion'*.

adopted the following opinion at its 58th plenary session, held on 23/24 February 2005 (meeting of 23 February):

1. Building our common future issues relevant to local and regional authorities

THE COMMITTEE OF THE REGIONS

welcomes the adoption by the European Commission of a communication on the financial perspective for the period 2007-2013 *'Building our Common Future: Policy Challenges and Budgetary Means of the European Union.'* ⁽²⁾

1.1 Priorities and challenges of the enlarged Union

1.1.1 **supports** the Commission's proposals which respond to the needs and challenges facing an enlarged European Union of 27 Member States, including Bulgaria and Romania in line with the complementary objectives of the Lisbon and Gothenburg strategies for sustainable growth and sustainable environmental development agreed by member state governments to respond to the current and future demands of a single market;

1.1.2 **points out** that the European Union has been lagging behind its main economic competitors since 1995 ⁽³⁾;

1.1.3 **notes** that, since enlargement on 1 May 2004, the EU is the world's largest economic and trade bloc, housing many of the world's most productive and innovative cities and regions, but at the same time the EU is an economic area with a growth rate significantly below the global average;

1.1.4 **highlights** that unless all components of the European economy adapt to the structural changes enforced by globalisation, the European economy will decline further during the 2007-2013 period, jeopardising the prosperity, stability and security of our cities and regions;

1.1.5 **recognises** that the challenge to defend and sustain the European social model based on growth, competitiveness and solidarity is faced, in the context of increasing public doubt about its efficacy as well as a situation of global instability, and needs coordinated action across all spheres of governance;

1.1.6 **also points out** that the reunification of Europe through enlargement must continue to lead to renewed solidarity and a diversity that adds to the potential of the European Union. Nevertheless, this enlargement has simultaneously resulted in new and increased economic and social disparities in cities and regions. If left unchecked, these will threaten the cohesion and success of the single market and our shared Treaty objectives. Securing and strengthening the spirit of European solidarity is therefore a necessary precondition for a successful cohesion policy and for advancing the European Social Model;

1.1.7 **acknowledges** the Commission's view that an intensification of financial effort is required in order to redress the asymmetric impact of enlargement on the Community budget, bridging the gap between policy ambitions and addressing present incapacities to meet targets;

1.1.8 **supports** the Commission's proposals for a financial perspective that is responsive to modern governance and engages with local and regional authorities;

1.1.9 **is of the view** that this requires recognition of the need for multi-level ownership, coordinated joint action and accountability across Member States in order to maximise efficiency, visibility of the EU, added value for citizens and multiply the potential return of each euro of public money spent.

⁽¹⁾ *'In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion. In particular, 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 including rural areas'*

⁽²⁾ COM (2004) 101 final

⁽³⁾ *'since 1995, the growth rate for the EU15 has averaged 2.2 %, compared to a global average of 3.6 % and 3.2 % for the United States.'* COM(2004) 101 final pp.3

1.2 *Budgetary means*

1.2.1 **welcomes** the Commission's proposals to take account of existing policy commitments and match limited financial resources to a realistic assessment of what is needed and affordable to meet the objectives of the EU;

1.2.2 **highlights** that with enlargement, there has been a 5 % increase in Community GDP compared to an increase in population of 20 %;

1.2.3 **points out** that the average GDP per capita of the EU 25 has decreased by 12.5 %, reflecting the fact that with enlargement, income disparities have doubled and levels of deprivation have significantly worsened;

1.2.4 **notes** that although the Commission proposes to increase the payment appropriations to an average of 1.14 % GNI, commitment appropriations would average 1.22 % over the period. The own resources ceiling of 1.24 % GNI is retained for the financial perspectives 2007-2013 — the same level as the 2000-2006 period ⁽¹⁾;

1.2.5 **also points out** that this contrasts with the increase in the ceiling of own resources of the EU over the first two financial perspectives but not for the current one.

1988-1992 1.15% to 1.20% GDP

1993-1999 1.24% to 1.27% GDP

2000-2006 1.27% GDP (or) 1.24% GNI;

1.2.6 **highlights** that enlargement has dictated a policy reaction by the Commission which (together with other external influences) is reflected in the commitment appropriations. There is an increase in commitments for cohesion and competitiveness (sustainable growth), there is a reduction in commitments for 'on farm' (sustainable agriculture) and an increase in commitments for 'off-farm' (rural development);

1.2.7 **points out**, however, that in this way, the inevitable costs of enlargement are to be met by reducing the margin between payment appropriations and the own resources ceiling, available in previous financial perspectives for unforeseen expenditure;

⁽¹⁾ The figure for commitments is higher than for payments because it represents resources which are committed to programmes lasting more than one year and which, therefore, may not be spent in the year for which budgeted. Payments are expected to be disbursed in the budget year to which allocated. Member State payments are calculated annually on the basis of payment appropriations entered into the budget. The ceiling of own resources is fixed by a Council decision and establishes a maximum amount of Member State contributions.

1.2.8 **notes** that the 1.14 % GNI payment appropriations for the financial perspective 2007-2013 include the European Development Fund and the Solidarity Fund. 1.14 % GNI is therefore equivalent to approximately 1.10 % GNI payment appropriations for the period 2000-2006;

1.2.9 **acknowledges** that the Commission's proposals are the subject of some disagreement and that a number of net contributor states have called for a more rigorous expenditure level not exceeding commitment appropriations of 1 % GNI (including pre-quantified commitments such as agricultural spending) ⁽²⁾;

1.2.10 **is concerned** that the position would result in payments at 0.9 % GNI and that the average annual figure for 2007-13 would therefore be significantly lower than the agreed payments figure for 2006 which is 1.09 % of GNI;

1.2.11 **points out** that this would represent a restrictive budgetary envelope which could prejudice policies with specific Treaty status and those with significant multiplier effects and effects which would also impact on the expectations of the new Member States;

1.2.12 **believes** that the Commission's proposals are a logical response to such budgetary concerns in Member States whose own resources are currently compounded by low economic growth rates across Europe and, accordingly, this Committee takes a similar view to that of the European Investment Bank in supporting a shift of resources towards the challenges of tomorrow;

1.2.13 **notes** that at 1.24 % of GNI, the EU budget amounts only to around 2.5 % of total public expenditure in the Union;

1.2.14 **agrees** with the Commission that it is unrealistic to expect more Europe for less money — new policy areas at EU level imply new financial requirements;

1.2.15 **notes** that, as there can be no financial perspective without an agreement between the European Parliament and the Council, as the existing Treaty foresees no obligation to have a financial perspective and only provides for annual budgets, the disagreements between member states on the financial perspectives need to be resolved swiftly. It would be unwise to repeat the delays which occurred when adopting Agenda 2000. Protracted negotiations would result in disruption to the future Structural Funds programmes;

⁽²⁾ REFERENCE TO LETTER BY SIX HEADS OF STATE 'Average expenditure during the next financial perspective should in our view be stabilised around current expenditure levels, and should not exceed 1.0 % of GNI, including agricultural spending within the ceiling set by the European Council in October 2002.'

1.2.16 **believes** that on the timeframe for the financial perspective 2007-2013, a seven-year phase is logical given the major structural challenges involved. Moreover, it offers the opportunity to establish workable mechanisms and instruments for further phases. Guaranteed European funding for seven years, as compared with shorter-term funding that often features with 4-5 year national mandates, offers cities and regions the timescale necessary to undertake long-term strategic approaches to sustainable economic and social development.

1.2.17 acknowledges that proposals for future phases of five-years could coincide with the European Parliament and Commission term of office and therefore bring more democratic legitimacy to the Financial Perspectives.

1.3 Expenditure approach

1.3.1 **is of the view** that the three main priorities outlined by the Commission within its communication on the financial perspective 2007-2013 are appropriate. Namely:

- sustainable development;
- giving full content to European citizenship; and
- the EU as a global partner;

1.3.2 **considers** that the financial perspective 2007-2013 should recognise the need to broaden European-wide consensus on the common policy challenges it identifies, by clearly setting out the European dimension of these issues, highlighting simultaneously the added value of EU action but also, in line with the principle of subsidiarity, the distinct contribution made by each sphere of government — local, regional and national;

1.3.3 **welcomes** the Commission's consideration of the added value of action at the EU level and the issue of better governance in the implementation of EU policy across each of the budgetary headings of its financial perspective 2007-2013, as developed in its later communication;

1.3.4 **agrees** with the Commission's objective in this regard that the financial perspective 2007-2013 should not transfer funds to the EU level as an end in itself;

1.3.5 **endorses** the views of the Commission that expenditure in the next financial perspectives should ensure that action at the EU level will be:

- effective, when results can be achieved only through action at the EU level;

- efficient, when EU action offers better value for money; and
- complementary, thereby through leverage, generating action in the national, regional or local sphere.

1.3.6 **believes** that the EU model is a balance between individual and society, state and decentralised authority, market gain, rules and regulations. As such, the Commission's prioritisation of policy headings within the financial perspective sets out the possibility for future sustainable growth of the model that has delivered stability and growth in Europe over the past 50 years;

1.3.7 **feels** that the Commission has adopted a balanced strategy for cohesion policy across policy headings giving particular emphasis to the needs of the new Member States by striking a careful balance between the economic, social and territorial disparities across the whole of the EU;

1.3.8 **is of the view** that across these policy headings there are key examples of the EU model delivering added value. EU investment in research and development, cross border exchange and infrastructure projects, join up Lisbon-Gothenburg objectives with a partnership approach that can lever in growth, convergence, competitiveness and long-term sustainability. Another element of Europe's partnership approach to research and development is widely spread education and research infrastructure that enables the high educational level of Europe's population and growth potential to be exploited to the full. Market-based solutions alone do not offer the sustainable future that Europe is seeking;

1.3.9 **recognises** that affordability and budget discipline are motivating factors behind the negotiating process, wherein there are two approaches to the methodology of setting a financial perspective:

- identifying what is needed and allocating resources accordingly; and
- identifying what is affordable and allocating priorities accordingly.

1.3.10 **recognises** that the Commission has advocated the first approach from a bottom-up perspective, constructed from an evaluation of bottom-up needs;

1.3.11 **rejects** the logic that the second approach could deliver a sustainable response to the economic, social, and democratic challenges for the EU.

1.4 Financial framework

welcomes the Commission's proposals to reconstruct a new financial framework around a limited number of policy goals:

- (1a) Competitiveness for growth and employment;
- (1b) Cohesion for growth and employment;
- (2) Sustainable management and protection of natural resources;
- (3) Citizenship, freedom, security and Justice; and
- (4) European Union as a global partner.

The Committee's main observations relate to the sustainable development chapter, 1(a), 1(b) and (2).

1.4.1 Sustainable growth

- **recognises** the economic coherence and political logic of using sustainable development as the budgetary vehicle for the three complementary pillars: convergence; competitiveness and employment; and territorial cooperation;
- **welcomes** the proposal for a Structural and Cohesion Policy budget of EUR 336.2 billion for 2007-2013 compared to Structural and Cohesion Funds of EUR 213 billion for 2000-2006, noting that 78 % (EUR 262.3 billion) is allocated to the convergence objective for regions whose development is lagging behind, 18 % (EUR 68.5 billion) is allocated to regional competitiveness and employment, and 4 % (EUR 13.5 billion) allocated to the territorial cooperation objective for cross border and inter-regional development ⁽¹⁾).
- **notes** that the single budget line of EUR 262.3 billion allocated to the convergence objective, for regions where per capita GNI is less than 75 % of the EU25 average, EUR 22 billion is available to the EU15 cohesion countries currently eligible but who will no longer satisfy this criterion for purely statistical reasons (phasing out regions). This amounts to 66 % of the amount they would have received over 2007-2013 as full convergence regions.
- **notes** that the single budget line of EUR 336.2 billion is equivalent to 0.41 % of GNI (or EUR 344.9 billion, 0.46 % of GNI, including the Solidarity Fund administrative costs and other actions).

⁽¹⁾ The convergence objective concerns the regions whose per capita GNI is less than 75 % of the EU25 average and transitional support to the EU15 'phasing out' regions with per capita GNI less than 90 % of the EU15 average. The 2000-2006 Cohesion Fund is EUR 18 billion and the four structural funds EUR 195 billion (ERDF, ESF, Financial Instrument for Fisheries Guidance and the Guidance Section of the European Agricultural Guidance and Guarantee Fund).

- **emphasises** that to deliver a sound macro-economy geared to sustainable growth, the programmes within these pillars must be directed explicitly to achieving the Lisbon-Gothenburg objectives.
- **notes** that the Lisbon Strategy was designed to promote sustainable economic growth and to strengthen social cohesion, with the following goals:
 - to increase the employment rate to at least 70 % by 2010;
 - to bring European productivity levels in line with the performance of the world's top companies;
 - to identify the challenges of the information society and set up a European research area;
 - to bring investment in research up to 3 % GDP.

— **notes** that the supplementary communication from the Commission acknowledges that we have fallen well short of meeting the goals for growth and a reduction in disparities, which underpin the Lisbon-Gothenburg Strategy. In part, this is a consequence of pressures to respond to global competition, productivity issues, an ageing population and increasing expectations for health care, with corresponding pressures on public expenditure;

— **believes** that critical success factors need to be identified and measured in order to monitor and deliver Lisbon-Gothenburg objectives as well as ways forward to mobilise civil society, regional and local authorities, and business leaders — all those with a stake in Lisbon's success so as to deliver a Lisbon-Gothenburg strategy for all.

— **recognises** that if the expenditure levels in the financial perspective are reduced below the 1.14 % GNI payment appropriations proposed by the Commission, the programmes that would be lost would be those relating to the sub heading 'supporting regional competitiveness and employment outside the less prosperous regions within 1b) Cohesion for growth and employment heading'. The problem of regional disparities would be aggravated. Consequently, it would not be possible for all regions to participate on an equal footing to improve the competitiveness, growth and employment of the EU as a whole.

- **has consistently supported** the application of competitiveness and employment measures to ensure that the entire regional territory of the EU can be fully responsive to the Lisbon-Gothenburg Strategy, but questions to what extent the programmes within the pillar comprehensively deliver the Lisbon-Gothenburg objectives when lack of regional prosperity is the only indicator for funding;
 - **understands**, as the Third Cohesion Report recognises, that GDP as the main indicator has a number of weaknesses and that it has been repeatedly demonstrated that disparities within regions — for example, clearly visible within the large and medium-sized cities ⁽¹⁾ — are often more acute than disparities between regions;
 - **regrets** therefore, that the problem within and between regions is compounded by the reduced level of the budgetary envelope allocated to this new 'objective 2' compared to previous programming periods, an 18 % budgetary envelope in 2007-2013 as compared to 23.8 % in 2000-2006 ⁽²⁾;
 - **welcomes** the increased acknowledgement of the potential of major urban areas as drivers of economic growth, but believes that the proposed regulations for each national framework should contain an explicit reference to sustainable urban development to reflect the role of urban centres as economic drivers of the European economy;
 - **regrets** that while there is proper recognition of the impact of ageing populations, through the Lisbon strategy, in reducing growth rates and lowering GDP — and the measures needed to combat these effects — there is not a similar recognition of the potential of young people in the delivery of a competitiveness and growth agenda.
- (a) Competitiveness for growth and employment
- Promoting the competitiveness of enterprises in a fully integrated single market
 - **recognises** the need to relaunch industrial policy in Europe by creating a business-friendly environment;
 - **urges** the need to harness and encourage the potential for development of the SME sector as building blocks for growth in the single market in recognition that SMEs represent perhaps the greatest untapped potential of the single market;
 - **observes** that in applying the rules of the single market to cohesion policy to stimulate small business, measurable added value can be identified through the increase in intra-community trade between less developed regions and the rest of the EU, since around one quarter of expenditure under competitiveness driven cohesion policy returns to the rest of the Union in the form of increased exports;
 - **believes** that in the reform of State Aid rules, horizontal exemption regulations are required to support Research and Technological Development and for SMEs;
 - **believes** that the introduction of impact assessments to better target State Aid — allowing greater flexibility for national, regional and local authorities to adopt measures that have limited effect on competition and trade at the EU level, but that tackle real market failures — contribute to the development of areas that are lagging behind and promote entrepreneurship;
 - Strengthening the European effort in research and technological development
 - **Is of the view** that if the EU is to become a dynamic knowledge based economy then a number of measures and financial support arrangements are required—particularly, creating poles of excellence from Europe's widely spread education and research infrastructure that would drive wider regional economies, disseminate excellence and increase competitiveness throughout the EU;
 - **agrees** with the European Commission that the strengthening of EU effort in Research and Technological development constitutes a major objective of the enlarged EU, but with a proper balance between public and private financing ⁽³⁾;
 - **endorses**, therefore, the decision of the Barcelona European Council to increase Research and Development expenditure to 3 % of EU GDP by 2010.
 - Connecting Europe through EU networks
 - **Agrees** with the European Commission proposal to increase the scale of financial resources associated with developing trans-European networks. Giving particular priority to cross-border projects which encourage intermodality and the use of sustainable forms of transport, especially the concept of motorways of the sea, provided that these fit into a comprehensive sustainable transport scheme;

⁽¹⁾ According to the Urban Audit 2004.

⁽²⁾ 11.5 % Objective 2 and 12.3 % Objective 3

⁽³⁾ 'The EU is currently spending only 2 % of GNP on Research and Development expenditure, about 1/3 less than in the USA. 80 % of this gap is due to under investment in Research and Development from the private sector.' Paragraph 3.31 of the Communication of the European Commission to the European Spring Council COM (2005) 24 *Working together for growth and jobs: a new start for the Lisbon Strategy*, 2 February 2005.

- **highlights** the role that TEN-Ts, especially 'motorways of the sea' in the specific case of islands, can play in overcoming the difficulties which regions with natural and demographic handicaps have in accessing the internal market under fair conditions;
 - **acknowledges** the limited capacity of member states to raise the required infrastructure investment sums at a time when they are trying to cut back on public expenditure with a view to complying with the Stability and Growth Pact rules;
 - **underlines** that TEN-T funding from local and regional authorities can only remain peripheral given the heavy commitments to other infrastructure investments which are often vital to the smooth operation of TEN-Ts and the functioning of the local economy and social infrastructures;
 - **observes** that facilitating competitiveness encourages the recognition of core interdependencies between cities and regions, which can in turn create critical masses capable of leveraging extensive growth across areas that are impossible to attract or establish by a city or region alone. Strategic European urban networks such as URBACT are good examples of this and should be facilitated at European level to ensure the exchange of best practice and expertise between territorial areas and the necessary investments to deliver Lisbon-Gothenburg objectives.
- Improving the quality of education and training
- **underlines** that local and regional human capital formation and training are vitally important for the development of the European single market and the implementation of the Lisbon strategy. Actions taken across the EU to support mobility will have real economic impact. Taken individually and as a whole, these measures represent extremely good value for money. Their additional cost to the budget should be acknowledged as essential to the smooth functioning and development of an integrated labour market and common European learning area.
- Helping European society to anticipate and manage social change
- **endorses** the Commission's view that there must be an appropriate regulatory framework for businesses and workers to establish social standards and basic rights.
- (b) Cohesion for growth and employment
- **recognises**, that Community added-value is not generated by funding alone but through the Community Method that designs programmes to take account of and deliver regional strategies. Only a European institutional framework can guarantee a complementarity of sectoral policies and financial instruments that deliver the Community objectives of economic, social and territorial cohesion;
 - **recognises** that the convergence objective must be prioritised with enlargement as an act of solidarity with new Member States and the weakest regions in the 'old' Member States to ensure that funds are channelled to regions and cities lagging the furthest behind;
 - **points out** that the Commission's proposal for funding the EU Structural Funds in the next funding period also constitutes a fair compromise for the regions of the EU-15, in that EUR 109.8 billion are being set aside for the new Objective 1 and EUR 56.6 billion are being made available for the new Objective 2 in the 'old' Member States (compared to EUR 154 and EUR 46.6 billion respectively in the current funding period);
 - **warns** against undermining the principles of partnership and solidarity in respect of those Member States which will no longer be eligible for the Cohesion Fund as a result of the statistical effect of enlargement;
 - **recognises** the reasons for the introduction of an absorption ceiling of 4 % of national GDP, for all Member States, in the allocation from the ERDF, ESF and Cohesion Fund, including resource transfers as part of rural development and fisheries re-structuring⁽¹⁾. The reduction of economic and social disparities must remain a top priority of the European Union and these funds are necessary to assist those regions and Member States lagging behind in their economic and social development;
 - **accepts** that the principle of the Berlin formula — the less developed the region, the more assistance it should receive — was well founded and should continue to be applied in the future. Consequently, the anomalies that arise with the application of the 4 % absorption ceiling of national GDP at a Member State level need investigation;
 - **cautions**, however, that any adjustment to the overall payment appropriations will occur outside of this 4 % cap and, therefore, while cohesion funding will be guaranteed within the new Member States, this impact will seriously undermine the principle of a Lisbon-Gothenburg agenda for all;

⁽¹⁾ The transfer of financial resources to the European Agricultural Fund for Rural Development and the European Fund for Fisheries is calculated after application of the ceiling in order to be budget neutral.

— **recognises** the importance of improving capacity building within the decentralised authorities of member states and new neighbouring countries. Considerable progress can be made in cross border and interregional cooperation through the exchange of knowledge and expertise between experts from local and regional authorities.

1.4.2 Conservation and management of natural resources

welcomes recognition within the financial perspectives of the need to diversify activities within the countryside: enhance the environment; and improve quality of life, as a vital balance to achieving territorial cohesion within the sustainable development objectives of the Lisbon-Gothenburg Strategy;

expresses its concern that growth and development indicators, including employment, industry and diversity, are consistently lower in rural areas, undermining their liveability;

welcomes the potential of urban programmes to drive development into the wider countryside through specific research and development, entrepreneurial and social change initiatives although it is recognised that the more remote rural areas are unlikely to benefit from such initiatives;

emphasises, nevertheless, the need for balanced solutions to the different situations of rural areas, including those with natural handicaps and specific environmental constraints;

emphasises also the imperative of respecting territorial diversity within which the concept of an underlying urban/rural paradigm for growth and cohesion marks the movement away from industrial/agricultural models that are no longer responsive to challenges of globalisation;

encourages the recognition given to protecting the environment in all its aspects: global, regional, urban, rural and marine, as a horizontal element across programmes. In this context, the local and regional authorities responsible for maintaining NATURA 2000 sites should be assured appropriate funding from the relevant policy instruments.

1.4.3 Citizenship, freedom, security, justice

is pleased that the Commission wants to develop and give substance to the issues of European Citizenship, and to address in a managed way the difficult issues of migration and integration, freedom, security and justice which affect urban and rural

areas across the European Union as stated in the preamble to the Charter ⁽¹⁾;

recognises correctly that the challenges posed by immigration and asylum can no longer be met adequately by measures taken by Member States and emphasises that many local and regional authorities now provide front-line support measures and facilities;

underlines that both Europe's major cities and rural areas have extensive and growing experience of migrant labour and new settlements. Therefore this knowledge and experience of integration of migrants should be reflected in the provisions of the regulations being submitted on these matters by the Commission;

recognises that the current consumer, food safety and health programmes do not match the expectation of Europe's citizens;

supports accordingly, the introduction of two instruments: a food-safety programme and a consumer policy and public health programme.

1.4.4 External policies

agrees with the recognition made by the financial perspective 2007-2013 that with enlargement and growing local and regional imperatives, the EU should strengthen its capacity to safeguard human rights, promote democracy and combat poverty, in the new neighbourhoods of the EU through both multilateral and bilateral policies;

supports the Commission's view that there should be a coherence and consistency of external actions, to achieve more and better with the resources available;

welcomes the view of the Commission that there should be a new neighbourhood policy to build on positive cross-border developments that have been taking place since 1989 or earlier, the scope of which should be support for measures aimed at progressive economic integration, deeper political cooperation and the development of common infrastructure;

emphasises the importance of improving capacity building within the decentralised authorities of new Member States and neighbouring countries.

⁽¹⁾ 'The Union contributes to the preservation and to the development of these common values while respecting the diversity of the cultures and traditions of the peoples of Europe as well as the national identities of the Member States and the organisation of their public authorities at national, regional and local levels'

1.4.5 Corrective mechanism

understands that the negotiations on the financial perspective 2007-2013 will clearly involve mechanisms for the overall funding of the Union and the extent of contributions made by individual Member States. The Commission has made a separate proposal, which would end the existing UK rebate and introduce a generalised corrective mechanism to reflect the relative prosperity of a Member State;

believes that a fair system needs to be introduced to meet the Union's budgetary needs; and that this system should eliminate the rebate arrangements with some of the Member States;

endorses the view of the European Commission that this approach provides the opportunity to eliminate corrective mechanisms introduced in previous financial periods presently adjusting the excessive negative net balances arising for some Member States in relation to contributions to payment commitments from the EU budget. If this were to be accomplished, excessive fiscal burdens on individual member states would be avoided and EU-level solidarity maintained.

1.4.6 Stability and Growth Pact

recognises that, currently, the terms and conditions of the Stability and Growth Pact and its restrictive implementation, which does not allow a Member State to exceed 3 % of GDP limit on its budget deficit or 60 % for debt, only address stability concerns based on the economic conditions of the late 1990s, while the pressing need today is to move towards and properly address a more growth orientated policy framework. Without a focus on growth, it will be impossible to factor in the social and environmental facets of the Lisbon-Gothenburg strategy;

supports the European Commission's proposals for reforming the Stability and Growth Pact where reforms provide a flexible way of conducting economic policy so as to reduce problems arising within the economic cycle, but without ignoring the importance of having a stable economy. This will provide more room for manoeuvre so that countries can make provision for increased public spending and tax cuts during periods of economic downturns;

suggests that one approach could be to introduce a mechanism whereby capital investments in accord with certain areas of Community competence and agreed within the Lisbon strategy would be exempt from normal budgetary accounting procedures. This would enable necessary public investments aiding

growth to be undertaken without violating the financial disciplines of the Pact;

suggests that another approach would be to improve the enforcement mechanism of the Stability and Growth Pact in a manner which takes into account the proper economic situation of each Member State so that the medium term objective of a balanced budget would be differentiated for each Member State to take into account the level of investment, debt dynamics, sustainability of public finance and potential growth.

1.5 Delivery instruments and governance

1.5.1 A roadmap

notes that the final chapters of the financial perspective 2007-2013 are concerned with the efficiency of delivery instruments and appropriate governance arrangements, matters of importance to local and regional authorities;

points out that the communication does not elaborate on the distinctive contribution which each sphere of government — local, regional, national and European — could make to the resolution of the current deficiencies;

highlights that national action, coordination and public spending through EU budgets require the right combination of these measures at the right time. The Open Method of Coordination (OMC), underlying the Lisbon-Gothenburg strategy, sets goals, establishes indicators and benchmarks, sets national and regional policies through National Action Plans, and instigates periodic monitoring, evaluation and peer-review and as such is capable of bringing added value to the objectives through the transfer of knowledge and experience accumulated at local and regional levels;

believes however, that the process in its current form has not proved sufficiently effective in delivering the Lisbon-Gothenburg objectives. There has been little coordination of policies across Member States and no peer pressure to achieve the Lisbon goals. Moreover the OMC has failed to involve local and regional authorities who have a vital role to play in realising the city-region and regional competitiveness that can stimulate the peer pressure required;

is of the view however, that OMC remains an alternative to supranational decision-making and is capable of being reshaped into an effective delivery process if there is a simplification of the myriad of existing requests away from unilateral discussions between the Member States and the Commission on individual policy themes;

believes that this would suggest the need to explore new, flexible methods; developing a tripartite model approach through contractual activity-based methods of involving local and regional government in delivering policy objectives to add bite and purchase to delivery mechanisms. This should not add complication nor represent more than abstract ideas, but represent real systematic dialogue with local and regional authorities;

strongly recommends that the roadmap proposed by the Commission — a shared programme involving actions and funding at national and EU level — must involve the local and regional authorities. The territorial component of framework programmes is important to the realisation of cohesion objectives between and within Member States;

restates that Tripartite Pacts are a way of embracing local and regional authorities into the governance arrangements of the EU. Delivery of framework programmes greatly depends on the engagement of local and regional actors.

1.5.2 Policy and programmes

notes that the financial perspective 2007-2013 and the supplementary communication proposes that the instruments available to the EU to further its policy goals will, as far as possible, be consolidated and rationalised into one instrument per policy area and one fund per programme;

welcomes that Cohesion policy programmes will be supported through single funds (Cohesion Fund, ERDF and ESF), with activities concerning agriculture and fisheries now to be resourced under the Sustainable Management and Protection of Natural Resources heading;

welcomes that the urban dimension has been mainstreamed across cohesion policy programmes, for the benefit of all urban areas, strengthening the importance of partnerships between cities and regions;

recognises that a new regulation will establish a structure for CAP funding with a single fund for each pillar: the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD);

welcomes that all rural development measures are to be regrouped under a single instrument to deliver a single programme with attention given to coherence between rural development and cohesion measures:

- increasing the competitiveness of the agricultural sector through support for re-structuring,
- enhancing the environment and countryside through support for land management,

- enhancing the quality of life in rural areas,
- promoting diversification of economic activities;

welcomes the Commission's efforts towards simplification with the creation of a Financial Instrument for the environment (LIFE+), but would **highlight** the difficulty in identifying real opportunities for financing environmental projects through the various financial instruments that will be in place for 2007-2013. It is essential to coordinate the various types of funding in order to cover the different priorities and Community intervention arrangements;

is concerned that the Commission wishes to devolve a very significant part of the LIFE+ budget (75 %-80 % of the instrument) to the various Member States without establishing the arrangements and conditions for this 'devolvement' in the proposed Regulation;

notes that a new neighbourhood instrument is proposed, aimed at cross border cooperation between the EU and neighbouring countries, underlining the added value of the EU in promoting stability and prosperity beyond its external borders through sustainable economic and social development;

welcomes the creation of the EFF as a single instrument for the restructuring of the fisheries sector, closely linked to cohesion instruments and providing:

- sustainable development of coastal areas,
- adaptation of fishing fleets; aquaculture and fish processing industries;

considers that these proposals will assist in the transparency of the financial perspective for citizens.

2. The Committee of the Regions recommendations

2.1 Partnership

2.1.1 **demands** that the principle of partnership linking local, regional, national and trans-national spheres is a horizontal strand permeating all of the Commission's proposals. This principle needs to be acknowledged and implemented with some urgency by both the European Commission and the Council of Ministers and also communicated consistently across Member States and throughout the media, to demonstrate the added value of the EU;

2.1.2 **calls** for the consistent application of the partnership principle in the detailed regulations being submitted by the Commission on all policy elements identified within the financial perspective 2007-2013;

2.1.3 **urges** that the partnership principle be fully embedded in the new regulations dealing with programmes, in particular trans-European cooperation, and that these programmes should recognise the knowledge and expertise held by the relevant local and regional authorities.

2.2 Coherence

2.2.1 **insists** on the crucial importance of increasing the coherence between cohesion policy and specific sectoral European policies, notably those on agriculture, research and competition, environment and transport, allowing for area-based approaches. Alongside the application of the partnership principle, the new programmes need to demonstrate the commitment of both the Commission and the Council of Ministers to joined up government across all spheres of governance — local, regional, national and EU.

2.3 Tripartite Pacts and Agreements

2.3.1 **recommends** that the application of Tripartite Pacts and Agreements be extended so as to give substance to the governance of in the financial perspectives 2007-2013 and should represent an engagement of elected members of in local and regional authorities with the proposed roadmap, especially for the territorial component of framework programmes necessary for the realisation of cohesion objectives both between and within Member States;

2.3.2 **suggests** that local and regional engagement with the roadmap process, with regional strategies being part of the national strategy, would ensure not just greater coherence in delivery of a sustainable growth agenda, but also more visibility of European cohesion policy and the prioritising of resources to where they are needed most;

2.3.3 **emphasises** that these arrangements could be introduced without undermining the urgent need to simplify and streamline the shaping and delivery of Competitiveness and Cohesion programmes;

2.3.4 **recommends** an inter-institutional, critical impact-assessment evaluation to assess what has been done and what works across diverse public policy within Member States. A single audit arrangement would assist in determining whether strategic goals are being achieved — aligned to the Lisbon-Gothenburg Strategy — in prioritising resources where they are needed most.

2.4 Cohesion policy

2.4.1 **re-emphasises** the inextricable linkage between an effective European-wide regional policy and the implementa-

tion of the Lisbon-Gothenburg agenda. Future EU growth and competitiveness across all parts of Europe will be promoted by a continuation of EU cohesion policy rather than by a re-nationalisation of this policy— confirming the positive impact to date of EU regional policy in strengthening the Community's social, economic and territorial cohesion;

2.4.2 **insists** that all National Action Programmes for growth and employment drawn up by Member States and the Commission reflect consultation and engagement with local and regional authorities. Urban and regional strategic plans must shape the commitments and targets set by the National Action Programmes;

2.4.3 **equally suggests** that a facilitating mechanism should be set up for creating programmes through which two or more regions could participate in those activities that have a real influence on increasing local competitiveness;

2.4.4 **insists** that the Competitiveness for Growth and Employment pillar of the financial perspective 2007-2013 cannot be the adjustment variable for negotiations on payment appropriations for the next framework period; while accepting that within cohesion headings, priority should be given to the Convergence objective, the CoR however, is of the opinion that the EU should back the Competitiveness objective in order to anticipate and promote change to reach the objectives of the 'new' Lisbon strategy;

2.4.5 **urges** that cohesion policy is funded at not less than 0.41 % of EU GNI to ensure that the objectives of cohesion policy are fully met in the EU-25;

2.4.6 **supports** the need for coherence between the application of the 4 % absorption ceiling of national GDP at a Member State level and the implications of the Berlin formula for the less developed regions;

2.4.7 **demands** that sustainable rural development programmes are closely integrated with cohesion policy programmes and should not become surrogate agricultural programmes as a result of own resources pressures;

2.4.8 **urges** that the regional allocation criteria for the competitiveness and employment pillar be based on a mix of indicators that reflect regional and local needs, accessibility and opportunities, and are able to measure intra-regional disparities;

2.4.9 **demands** that the opportunities offered by cities for the social and economic development of the whole EU be recognised and factored into strategic planning at national level;

2.4.10 **urges** that the Committee of the Regions is actively consulted through participation at the Spring European Council's annual examination of competitiveness and cohesion agendas. This would provide local and regional authorities with opportunities to bring forward issues and good practice as required for improved functioning of the open method of coordination in the implementation of Lisbon and Gothenburg agendas.

2.5 *Lisbon-Gothenburg Strategy*

2.5.1 **urges that** a more coherent approach is taken to the introduction of macroeconomic measures, employment and social action and environmental and research initiatives as a means of revitalising the strategy and to guide Member State National Action Programmes;

2.5.2 **calls** for radical improvement in the governance of the Lisbon-Gothenburg Strategy to make it more effective and more easily understood;

2.5.3 **calls** therefore, for the mid-term review of the Lisbon Strategy to include a critical assessment of the implementation of governance and an analysis of the impact of the decentralisation of administration on the effectiveness of the implementation of the Lisbon Strategy;

2.5.4 **emphasises** that although the general picture with regard to implementing the Lisbon strategy is gloomy and pessimistic, some Member States have managed to achieve objectives in a large number of policy areas. The Committee of the Regions considers that the factors underlying this should be analysed more closely and taken into account when applying the Open Method of Coordination;

2.5.5 **demands**, specifically, that critical success factors at local and regional level are identified and measured across the EU and input to the framework of fourteen indicators and targets suggested by the Wim Kok report ⁽¹⁾ that are to be used to identify good performance and bad performance at the Member State level;

2.5.6 **emphasises** that economic competitiveness is essential to achieve social cohesion and environmental sustainability;

2.5.7 **urges** that a greater role is given to local and regional government to diffuse the knowledge and introduce the innovation and enterprise required to successfully deliver on the

Lisbon Gothenburg objectives, thereby giving the strategy greater political ownership;

2.5.8 **also recommends** that in the mid-term review of the Lisbon-Gothenburg objectives, a European Youth Pact is drawn up, focussing on the problems of unemployment, and social and professional integration, complementing actions in the Lisbon-Gothenburg agenda for ageing populations;

2.5.9 **urges** that progress in meeting the Lisbon-Gothenburg objectives should be subject to annual reports at both the national and EU levels, about which the Committee of the Regions would be consulted and enable the Spring European Council Meeting to focus on key policy issues to keep the Lisbon-Gothenburg objectives on track;

2.5.10 **urges** that following enlargement, the single currency and the single market, the next great project for the EU should be to maximise growth and employment — through a renewed focus on the Lisbon-Gothenburg agenda.

2.6 *Research and technological development*

2.6.1 **requests** that in the regulations relating to research and technological development, an area with a proposed substantial increase in the allocation of financial resources, there must be a clear recognition of the territorial components of the framework programme for research;

2.6.2 **demands** that national and regional research programmes and policies are coordinated to create a real European Research Area, capable of sustaining competitiveness and growth objectives;

2.6.3 **calls** for the development of Mutual Learning Platforms and Innovation Poles to help create and sustain regional research strategies and regional knowledge development models fostering the involvement of universities with their local economies. These platforms and networks should be designed to facilitate the fast application of new ideas and products; to encourage spin-outs from basic and applied research; and to shorten the time between innovation and application;

2.6.4 **urges** that Member States should delineate in their National Action Programmes the measures that will be taken to bring about the 3 % of GDP target for investment in research and development.

⁽¹⁾ Facing the Challenge, the Lisbon Strategy for Growth and Employment, report from the High Level Group chaired by Wim Kok, November 2004.

2.7 Mobility

2.7.1 **welcomes** the proposals to treble the number of Erasmus students and to increase the number of school student mobility actions and vocational training placements.

2.8 Governance

2.8.1 **welcomes** the proposals to strengthen partnership arrangements and to introduce simplified decision-making instruments — from local, regional, national and EU — across and between all spheres of government, but urges that these measures are introduced with some urgency;

2.8.2 **recommends**, that in the delivery of the Lisbon-Gothenburg objectives, National Action Plans should be evaluated annually by the European Commission and with the spatial aspects of such evaluations engaging local and regional authorities;

2.8.3 **also recommends**, that there should be an annual statement by the European Commission on the progress towards the policy challenges set within the financial perspective 2007-2013 and of the contribution by each sphere of government — local, regional and national — to provide an impetus, if necessary, to economic reform and the greater engagement and accountability of all agencies, local, regional and national governments.

2.9 EU Citizenship

2.9.1 **underlines** that apart from the increase in resources proposed by the Commission for actions with regard to citizenship, freedom, security and justice, there needs to be a full recognition that the work of Justice and Home Affairs is not simply a matter of negotiation between Brussels and Member States in respect of subsidiarity at a local and regional spheres of government. Particular attention should be paid to recognising local and regional authorities from new Member States in this regard;

2.9.2 **requests** that the visibility of mechanisms that identify the added value of EU programmes is stepped up across local and regional government, in order to raise public awareness and support for European policies delivered locally.

2.10 Financial Perspective 2007-2013

2.10.1 **reiterates its agreement** with a 1.24 % of GNI own resources budgetary ceiling for the financial perspective 2007-2013 as this ceiling reflects the need for budgetary discipline and community added value, and as this resource figure is the only means to deliver cohesion and competitiveness, the single market and our shared Treaty obligations;

2.10.2 **warns** of the potential dangers that may arise from a compromise budget;

2.10.3 **supports** the European Parliament, which believes that the current financial perspectives are part of an overall interinstitutional agreement, which can only be renewed in an atmosphere of mutual trust among the institutions and on the basis of common agreement with the two branches of the budgetary authority;

2.10.4 **insists** that those seeking reductions in the commitment appropriations are most likely to focus on Structural fund programmes, relating to regional competitiveness and employment within the sub heading (1b) Cohesion for Growth and Employment. Disproportionate budget reductions in this area would effectively re-nationalise regional policy for the majority of the former EU-15;

2.10.5 **insists** that any pressure on Commitment appropriation sub-headings within the Competitiveness for Growth and Employment pillar are explicitly resisted in regard to research and technological development initiatives so as to respect and maintain Member States' commitment to the Barcelona objectives and an increase in research and development expenditure to 3 % of GDP by 2010;

2.10.6 **warns** that delays to the start of the programming period as a result of protracted negotiations will lead to financial disruption and instability across the local and regional authorities of the EU;

2.10.7 **urges** that the outcome of the negotiations guarantees the maintenance of the solidarity principle which has guided EU policy since the creation of structural policy in 1973-1975, namely that the EU supports all regions in need of support, whether they are in richer countries or poorer ones.

2.10.8 **calls** on Member States to work in collaboration with their cities and regions to find a political solution for those Member States who will no longer be eligible for the Cohesion Fund in future as a result of the statistical effect of enlargement.

2.11 Single fund approach

2.11.1 **welcomes** the move towards single funds for various policy areas, including cohesion policy, rural development, environmental programmes and restructuring of the fisheries sector as this approach will harmonise the administrative requirements for implementing these measures and make implementation simpler.

2.12 State Aid

2.12.1 **calls on** the European Commission to provide a supportive framework for territorial differentiation in the State Aid rules and regulations, to allow for targeted public investment where this can correct real market failure without distorting competitive conditions or provide more scope to support research and innovation particularly in small and medium sized businesses, in order to achieve the territorial cohesion objective;

2.12.2 **urges** that there should be a new State Aid regulation that is responsive to the new cohesion and regional policy regulations to allow State Aid to be permissible in areas that are no longer eligible for cohesion funding — depending on the level of problems they face;

2.12.3 **requests** the Commission to clarify the future of regional aid under Article 87 (3)(c) in terms of distinctions between regions eligible under the heading 'supporting regional competitiveness and employment' outside the less prosperous areas of heading 'Convergence';

2.12.4 **is of the view** that sustainability is also an important consideration and public investment through State Aid should be broadly in line with sustainability principles.

2.13 Corrective mechanism

2.13.1 **advocates** the suggestion by the Commission to open a debate on the shortcomings of the current financing system for the EU;

2.13.2 endorses the Commission proposal for the creation of a new, fairer corrective mechanism.

2.14 Stability and growth

2.14.1 **urges that as** the implementation of the Stability and Growth Pact has been lacking consistency and credibility there is a considerable need for the Pact to take account of the present economic reality of the EU by improving the economic rationale of the Stability and Growth rules. The consistency between national and EU processes must be strengthened and national institutions must be better involved in the multi-lateral surveillance of economic policy and improvements made in ensuring coherency between fiscal and monetary policy;

2.14.2 **suggests** that as major problems are emerging in Member States' budgets through the current low growth of the European economies, which compound high unemployment levels and continuing social difficulties in many regions and localities, the most important way for the Commission to address this problem would be to revise the implementation of the Stability and Growth Pact to ensure the sustainability of economic policy. After all, the EU will not achieve the level of growth, employment and social cohesion it needs unless the European macroeconomic context is also in step with the Lisbon Strategy and the coordination of Community instruments improved.

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the 'Proposal for a Council Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)'

(2005/C 164/03)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a Council Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), COM(2004) 490 final — 2004/161 (CNS);

Having regard to the decision of the European Commission on 15 July 2004 to consult it on this subject, under Article 265(1) of the Treaty establishing the European Community;

Having regard to the decision taken by its Bureau on 15 June 2004 to instruct the Commission for Sustainable Development to draw up the opinion on the subject;

Having regard to the conclusions of the Second European Conference on Rural Development, held in Salzburg on 12-14 November 2003;

Having regard to the European Commission document entitled 'Extended Impact Assessment — Rural Development Policy post-2006';

Having regard to the contribution by the Commission for Sustainable Development to the opinion of the Committee of the Regions on the Third Cohesion Report (DI CdR 15/2004 rev. 1);

Having regard to its opinion on the reform of the Common Agricultural Policy — CdR 66/2003 fin ⁽¹⁾;

Having regard to its draft opinion (CdR 255/2004 rev. 1) adopted on 9 December 2004 by its Commission for Sustainable Development (rapporteur: Mr Jan Pieter Lokker, member of the Executive Council of the Province of Utrecht (NL, EPP);

adopted the following opinion at its 58th plenary session, held on 23 and 24 February 2005 (meeting of 23 February):

1. The Committee of the Regions' views

1. Introduction

1.1 Considerable rural diversity is a feature of the European Union. Rural development policy has to reflect and safeguard that diversity, which also encompasses rural areas' social structure and environment. A living countryside benefits not only the rural population, but also society as a whole.

1.2 In the EU, a rural development policy is slowly being established which represents more than simply an extension of agricultural policy. The rural economy needs to branch out into other activities in addition to food production, given the dwindling economic importance of farming in many rural areas. That is the only way to keep Europe's rural areas alive, from an environmental, economic and social point of view. Three objectives have to be met: a) rural populations have to be given long-term prospects by increasing the number of jobs, expanding infrastructure and providing a wider variety of employment; b) agricultural production has to become more

consumer-focused rather than producer-focused, as was the case in the past; c) the quality of food has to be improved and there has to be better protection for nature, the countryside, the environment and water.

1.3 A realistic approach is also important. This means being aware of the role played by European agriculture in maintaining the regions, as well as the regional impact if that role were to disappear owing to the application of strictly economic criteria to agricultural and forestry activities. Rural development policy alone therefore cannot resolve all the difficulties faced by the EU's rural areas. In some places, the issues go beyond the Regulation's scope and will require joint efforts from a number of different funds. Coordination — at regional level — between rural development policy and regional policy ⁽²⁾ is thereby essential. However, the CoR calls for additional proposals for the proofing of other EU and national policies to ensure greater complementarity with EU and national rural development policies. Likewise, the EAFRD should be proofed against other policies to ensure mutually beneficial objectives.

⁽¹⁾ OJ C 256 of 24.10.2003, p. 18

⁽²⁾ As outlined in the Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, COM(2004) 492 final

1.4 The 2003 Salzburg conference gave a new and powerful boost to rural development policy. The Committee of the Regions welcomes the fact that the Salzburg conclusions have been substantially incorporated into the Regulation. The application of the policy to all regions of the EU, together with the simplification of the implementation of the policy and the financial arrangements are key positive aspects. The Committee of the Regions also gives its support to the partnership arrangements defined in Article 6 of the Regulation. It is very important to involve local and regional authorities in all stages of rural development policy. This is the best way of ensuring that, in the regions concerned, measures are implemented which bring about a higher level of social and economic cohesion within the individual regions concerned, and between these regions and surrounding regions.

1.5 The following comments on the regulation should be seen in this context. The main priority is to establish a genuine rural development policy.

2. Towards a multi-sectoral rural development policy

2.1 The Committee of the Regions welcomes the fact that the Commission, in accordance with the provisions of Treaty Article 159, earmarks a substantial portion of the European Agricultural Fund for Rural Development (EAFRD) for regions covered by the new 'convergence' objective.

2.2 The Committee of the Regions welcomes the proposed new legislative measures in respect of rural development policy, but deplores the fact that, in the preamble to the Regulation, rural development policy is viewed initially as a policy which complements and accompanies market and income support policies, rather than being recognised as an autonomous policy. A related issue in this context is the question of whether adequate budgetary resources are available to pursue an ambitious rural development policy.

2.3 The Committee of the Regions endorses the benefit of a strategic approach to rural development. It is important to prevent any fragmentation of resources. Questions do, however, have to be asked with regard to the added value of a European strategy. The Lisbon and Gothenburg strategies and the Salzburg conclusions already provide an adequate framework at EU level. It is up to the Member States, the regions and local authorities to flesh out the implications of this framework in respect of rural areas and rural development policy. This is the only way to tackle the conflicting objectives of, on the one hand, securing a more strategic approach to rural development policy at EU level and, on the other hand, maintaining adequate flexibility at the national, local and regional levels.

2.4 The Committee of the Regions welcomes the proposal that ensures Member States must consult with their regional and local authorities. However, the Committee of the Regions expresses its concern over the time given to the Member States to draw up the national strategy plans and rural development programmes. The Committee of the Regions also deplores the fact that the national strategy plans must be submitted before the rural development programmes can be sent to the European Commission since these two measures are closely connected. In this context, the Committee of the Regions

proposes that the same procedure be adopted as is applied in the case of regional policy; in the latter context Member States may submit the strategic framework together with the operational programmes (*Recommendation 1*).

2.5 In the longer term, the aim should be to introduce a single regional fund, thereby removing the distinction between funding for regional development policy and funding for regional policy. For each region, the aim would be to address the opportunities and problems of the whole region on the basis of a single cohesive strategy covering the whole territory of the region.

2.6 Rural development policy is formulated on the basis of one or more rural development programmes. On the basis of an appraisal of the strengths and weaknesses of the region and/or Member State concerned, the rural development programme introduces measures to address the needs of the region and/or Member State concerned. This action may conflict with the provisions of Article 16 of the Regulation, which stipulates a minimum Community financial contribution in respect of each of the priority objectives (15 % in the case of axes I and III and 25 % in respect of axis II). The Committee of the Regions endorses the need for balance in expenditure on regional development policy. From this perspective, it is advisable above all in the case of the third priority objective — namely encouraging diversification in the economies of rural areas — to prescribe a minimum contribution. Appraisals of the various regional development programmes covering the period 2002-2006 did indeed indicate that this very component of regional development policy was less well developed. The appraisal of strengths and weaknesses carried out in connection with the abovementioned programmes must, however, also be a factor in determining how resources are to be distributed between the various priority objectives. The CoR therefore urges that the option of diverging from the percentages stipulated in Article 16 be taken up in cases where such a course of action is adequately justified on the grounds of the abovementioned analyses (*Recommendation 3*).

2.7 It is also imperative that the distribution of resources does not impede those projects which, taken overall, fall within the scope of the Regulation but nonetheless go beyond the scope of one individual priority objective. The stipulation in Article 71(6) that a specific action may only be financed under one priority axis does, however, appear to render the abovementioned objective impossible. The Committee of the Regions therefore proposes that this Article be amended accordingly (*Recommendation 19*).

2.8 The level of detail in the Regulation is sometimes remarkable, especially in comparison with the regulations dealing with regional policy. It may be better to entrust responsibility for dealing with some particular issues to the persons in charge of drawing up the rural development programme. Cases in point are the provision whereby only small and micro-enterprises are eligible for support in respect of measures to improve processing and marketing, the provision in Article 50 whereby only one of the children of farmers is eligible for support in respect of diversification and the maximum levels of EU support as stipulated in Annex I.

2.9 One of the conclusions reached at the Salzburg conference was that a living countryside is vital for agriculture, just as agriculture is a vital component of a living countryside. It is very important that regional development programmes pay adequate attention to the setting-up in business of young farmers. There is currently no integrated policy covering young farmers. One example of such an integrated policy would be the introduction of a start-up package bringing together, in a single scheme, all matters relating to the taking-over of an enterprise and setting up new farmers in business.

2.10 The Committee of the Regions takes note of the proposal to discontinue the use of the socio-economic criteria for designating 'other areas with handicaps apart from mountain areas' and to bring the basis for calculating the allowances into line with agri-environmental payments. The reasons underlying the European Commission's proposal are clear but the Committee of the Regions expresses its concern over the impact which the change in the criteria may have on farming businesses in the areas concerned. In the event that the proposed changes have a major socio-economic impact, provision should be made for the introduction of other policy measures to mitigate this impact. At the very least, consideration should be given to the establishment of a transition period for phasing-out of aid to farmers in areas which will in the near future no longer be eligible for support.

2.11 The Committee of the Regions welcomes the fact that it is now possible for other landowners, in addition to farmers, to take up agri-environmental measures. These players may represent the missing link in land management where the aim is to cover all the land in an area (and not only agricultural land). In this context, the Committee of the Regions explicitly proposes that provision be made for other reward schemes for agri-environmental measures in view of the fact that the current reward scheme — based as it is on the additional costs and income foregone due to the fulfilment of the commitments entered into — is not always applicable. One possibility is to provide for an allowance based on actual output and related benefits (*Recommendation 8*).

2.12 The Regulation no longer provides for a take-up incentive for agri-environmental measures, i.e. the possibility of a 20 % increase in the allowance. This is unwelcome given the usefulness of such measures and their importance for rural land management. The Committee of the Regions proposes that this incentive be restored (*Recommendation 8*).

2.13 There are very significant differences between countries with well-developed and less well developed forestry sectors. The Commission proposals are not sufficiently flexible to encourage afforestation in countries with low levels. The developing forest industry in such countries will be jeopardised and the environmental advantages lost if allowances are not made for such differences.

2.14 Every year many farmworkers seek work outside agriculture. In some regions, this may exacerbate the problem of

depopulation. Attention needs to be paid to the retraining of farmworkers as an adjunct to job-creation, and to the possibility of part-time farming. The rural development programme must provide scope for such retraining and/or for diversification, inter alia so as to include non-agricultural activities, not least in those regions set to benefit less from assistance provided under the Structural Funds, (in particular the European Social Fund (ESF)). In regions where ESF funding is more concentrated, the ESF programmes concerned should explicitly provide for retraining and multi-jobbing of farmworkers.

2.15 Rural Areas in the Union offer valuable natural and cultural heritage, which can play a key role in diversification of the rural economy. However, the ability of the local tourism sector to use these attractions in a sustainable way and to provide the tourist with a high quality experience is often hampered by poor service delivery and/or inappropriate product development. Therefore, it is essential that specific reference to training is made under the tourism measure in Article 52 of the Regulation (*Recommendation 12*).

2.16 Women play a major role in the diversification of the economy in rural areas but frequently also come up against specific problems, such as more limited access to the capital required in order to set themselves up in business. In the Committee of the Regions' view, the Regulation should help secure greater involvement of women in rural economies (*Recommendation 11*). The Internet is also invaluable in promoting the diversification of rural economies. Many rural areas do, however, enjoy little or not access to the Internet. The Committee therefore welcomes the Commission's proposal that the ERDF be used to equip rural areas with sufficient ICT infrastructure. This will greatly help to bridge this 'digital divide'; resolving this problem would also make the areas in question more attractive to new enterprises and could enable existing enterprises to tap into new markets. Complementary measures could be adopted under the EAFRD as part of the priority to diversify the rural economy.

3. ... with considerable scope for the fleshing-out of measures at regional level ...

3.1 The Committee of the Regions attaches considerable importance to the involvement of local and regional authorities in the drawing-up and implementation of rural development programmes and considers that this role should be reflected more strongly in the Regulation (*Recommendation 13*). The Committee of the Regions calls for national strategies to provide adequate scope for measures which are tailor-made to meet the needs of the regions and of local areas (see also point 2.2 above). The Committee of the Regions believes that it is important that strategies take into account the need for balanced spatial development throughout each region. A surfeit of prescriptions at EU or national level in respect of the strategy to be pursued may impede the introduction of regional initiatives which are geared to addressing local opportunities and problems.

3.2 There is a need for programming, financing and monitoring to be tailored to actual need. It is therefore strange that the Regulation should stipulate that Member States may draw up a rural development programme either at national or regional level. It would be better to provide more leeway on this point, including the possibility of combining regional and national programmes. Moreover, in Member States with a federal structure in particular, it has proven useful during the current funding period, to take up the option of approving national framework regulations which could then be implemented in the regional programmes. (*Recommendation 2*).

3.3 The Committee of the Regions supports the proposal that the third priority should preferably be implemented by means of local development strategies. There can be no doubt that new economic activities are vital for rural areas. Such activities complement farming. The new activities must, however, be introduced with care in order to avoid impairing the quality of rural areas. In this context, the Committee shares the view expressed by the European Economic and Social Committee ⁽¹⁾ that it is essential to avoid any 'rurbanisation', i.e. the application of the same measures in both rural and urban areas. That is certainly true for areas under urban pressure, where maintaining the specific features of rural areas is vitally important for the quality of life in urbanised areas. The problems encountered in these areas, including problems linked to urban agriculture, require a completely different approach than that adopted for tackling the problems of more peripheral rural areas. The Regulation must provide adequate scope for meeting these requirements.

4. ... a clear role for LEADER

4.1 The Committee of the Regions attaches great importance to LEADER and therefore deplores the lack of clarity as regards the role of the LEADER programme in the Regulation. On the one hand, the LEADER approach is designated, in Article 4.2, as the fourth priority objective but it is also described, on the other hand, as a methodology for implementing measures taken in pursuance of the first three priority objectives. The Committee of the Regions urges that the LEADER approach be given its rightful position, namely as a separate priority, comparable to the role played by Interreg in regional policy. Mainstreaming of the LEADER approach runs the risk of losing the unique character and the added value of this approach. The Committee of the Regions asks the European Commission to include details on the future role of LEADER in the Regulation and to clarify the position of LEADER as a separate priority.

4.2 As regards the implementation of local strategies, Article 63(1) appears to indicate that these strategies have to meet all the goals of the four priority axes. This runs counter to the provisions of Article 62(a) which states that a LEADER approach is to be pursued 'with a view to achieving the objectives of one or more of the three priority axes ...'. The Committee of the Regions proposes that this inconsistency be removed from the Regulation (*Recommendation 14*).

4.3 The Committee of the Regions supports the proposal to earmark for LEADER a part of the EU funding available to Member States, according to the needs of the areas affected. The Committee of the Regions also welcomes the proposal to establish a European network for rural development. The experience gained with the establishment of national LEADER networks could be utilised in this respect. However, the Committee of the Regions cautions against a repeat of the unacceptable delays in launching the EU Observatory of Rural Areas (LEADER+), the LEADER European Observatory (LEADER II) and many of the national LEADER networks. The European Commission and the Member States should make it a priority to establish these bodies from the very outset of the programming period. Local authorities have a great deal of experience in working with the LEADER approach which should be utilised by Member States when they produce a framework for LEADER.

4.4 The Committee of the Regions is against keeping a substantial part of the available budget in reserve for those Member States whose LEADER programmes achieve the best results. This will probably result in priority being given to short-term, 'easy' projects, at the expense of medium- and long-term projects. For planning to be reliable, it must be established what resources are available in the relevant Member State (*Recommendations 15 and 18*).

5. Conclusions

5.1 In the Committee of the Regions's view it is important not to jeopardise continuity in the actions and measures during the transition between the 2000-2006 and the 2007-2013 programming periods. Steps must therefore be taken to ensure that the multi-annual measures agreed in the old phase, such as the agricultural environment measures, are funded until the expiry of the commitment period and that the agreed level of Community participation (the co-funding rate) is maintained. In order to have an effective EU rural policy in the new phase, the Committee of the Regions supports the Commission's proposal for a budget of € 88,75 billion (excluding modulation) for financing the EU rural development policy. Renationalisation of the policy or parts of the policy are strongly rejected by the CoR.

5.2 The Committee of the Regions notes that, according to the draft Regulation, in addition to an ex-ante, mid-term and ex-post assessment, an annual assessment is also supposed to be submitted; however, it wonders what is the value added of an annual assessment.

5.3 One of the aims of the Regulation is to simplify the legislation governing this area. In order to be in a position to assess whether this objective has been achieved, it is essential to have an insight into the implementing regulations. The Committee of the Regions would welcome a request for an opinion on these regulations, in view of the experience which Committee of the Regions members have had in implementing policy in this field.

⁽¹⁾ Opinion of the European Economic and Social Committee of 30 June 2004, NAT/243

2. Committee of the Regions' recommendations

Recommendation 1

Article 11a(2)

Commission text	CoR amendment
2. Each Member State shall send the Commission its national strategic plan before submitting its rural development programmes.	2. Each Member State shall send the Commission its national <u>and/or regional</u> strategic plans <u>before or at the same time as it submits</u> its rural development programmes.

Reason

The point of the amendment is to make the procedure for submitting the national strategic plan and rural development programmes consistent with the procedure in the regional policy regulation. The subsidiarity principle dictates that rural development strategy is the responsibility of whichever territorial tier of authority is appropriate to the particular situation of the member State concerned.

Recommendation 2

Article 14(2)

Proposed Commission text	CoR amendment
A Member State may submit either a single programme for its entire territory or a programme for each region.	A Member State may submit either a single programme for its entire territory or and/or a programme for each region. <u>If programming is at national and regional level, there must be a clear link between the two. Member States may also submit for approval general framework regulations, which are to be incorporated entirely or in part in the programmes of the regions.</u>

Reason

This would give Member States more scope to adapt programming to their own needs.

Recommendation 3

Article 16

Commission text	CoR amendment
The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least 15% of the Fund's total contribution to the programme for priority axis I and III referred to in Sections I and III respectively under Chapter I of Title IV and 25% of the Fund's total contribution to the programme for the priority axis II referred to in Section II of Chapter I.	The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least 15% of the Fund's total contribution to the programme for priority axis I and III referred to in Sections I and III respectively under Chapter I of Title IV and 25% of the Fund's total contribution to the programme for the priority axis II referred to in Section II of Chapter I. <u>These percentages need not be applied if there is sufficient justification based on the results of the analysis referred to in Article 15(a).</u>

Reason

This would give the authority drawing up the rural development programme more flexibility to adapt the budget allocation across different measures to programming needs.

Recommendation 4

Article 19(c)(iii)

Commission text	CoR amendment
Support targeting the competitiveness of the agricultural and forestry sector shall concern: (...) (c) measures aimed at improving the quality of agricultural production and products by: (...) (iii) supporting producer groups for information and promotion activities for products under food quality schemes;	Support targeting the competitiveness of the agricultural and forestry sector shall concern: (...) (c) measures aimed at improving the quality of agricultural production and products by: (...) (iii) supporting producer groups, <u>including management bodies of quality marks or instruments and interbranch associations</u> , for information and promotion activities for products under food quality schemes;

Reason

This covers producer groups in the broadest sense of fresh and processed products. Management bodies are those involving producers and/or processors.

Recommendation 5

Article 27

Commission text	CoR amendment
Adding value to primary agricultural and forestry production 1. Support provided for in Article 19 (b)(iii), shall be granted for investments which: a) improve the overall performance of the enterprise; b) concern the processing and marketing of products covered by Annex I to the Treaty except fishery products, as well as forestry products, and c) respect the Community standards applicable to the investment concerned. Where investments are made in order to comply with Community standards, support may be granted only to those which are made by microenterprises, as referred in paragraph 2, in order to comply with a newly introduced Community standard. In that case a period of grace, not exceeding 36 months from the date on which the standard becomes mandatory for the enterprise, may be provided to meet the standard. 2. Support under paragraph 1 shall be limited to micro and small enterprises within the meaning of Commission recommendation 2003/361/EC. In the case of forestry production, support shall be limited to micro-enterprises. Support shall not be granted to enterprises in difficulty within the meaning of the Community Guidelines in State aid for rescuing and restructuring firms in difficulty. 3. Support shall be limited to the maxima laid down in Annex I.	Adding value to primary agricultural and forestry production 1. Support provided for in Article 19 (b)(iii), shall be granted for investments which: a) improve the overall performance of the enterprise; b) concern the processing and marketing of products covered by Annex I to the Treaty except fishery products, as well as forestry products, and c) respect the Community standards applicable to the investment concerned. Where investments are made in order to comply with Community standards, support may be granted only to those which are made by microenterprises, as referred in paragraph 2, in order to comply with a newly introduced Community standard. In that case a period of grace, not exceeding 36 months from the date on which the standard becomes mandatory for the enterprise, may be provided to meet the standard. 2. Support under paragraph 1 shall be limited to micro, and small <u>and medium-sized</u> enterprises within the meaning of Commission recommendation 2003/361/EC <u>and agri-food associations</u> . In the case of forestry production, support shall be limited to micro-enterprises. Support shall not be granted to enterprises in difficulty within the meaning of the Community Guidelines in State aid for rescuing and restructuring firms in difficulty. 3. Support shall be limited to the maxima laid down in Annex I.

Reason

To be consistent with measures implemented under other Structural Funds. It should be noted that the agri-food industry provides more jobs than many other sectors of production.

Recommendation 6

Article 34

Commission text	CoR amendment
Measures	Measures
Support under this section concerns the following measures:	Support under this section concerns the following measures:
(a) measures targeting the sustainable use of agricultural land through:	(a) measures targeting the sustainable use of agricultural land through:
(i) natural handicap payments to farmers in mountain areas,	(i) natural handicap payments to farmers in mountain areas,
(ii) payments to farmers in areas with handicaps, other than mountain areas,	(ii) payments to farmers in areas with handicaps, other than mountain areas,
(iii) NATURA 2000 payments,	(iii) NATURA 2000 payments,
(iv) agri-environment and animal welfare payments,	(iv) agri-environment and animal welfare payments,
(v) support for non-productive investments;	(v) support for non-productive investments;
(b) measures targeting the sustainable use of forestry land through:	(b) measures targeting the sustainable use of forestry land through:
(i) first afforestation of agricultural land,	(i) first afforestation of agricultural land,
(ii) first establishment of agroforestry systems on agricultural land,	(ii) first establishment of agroforestry systems on agricultural land,
(iii) first afforestation of non agricultural land,	(iii) first afforestation of non agricultural land,
(iv) NATURA 2000 payments,	(iv) NATURA 2000 payments,
(v) forest-environment payments,	(v) forest-environment payments,
(vi) restoring forestry production potential and introducing prevention actions,	(vi) restoring forestry production potential and introducing prevention actions,
(vii) support for non-productive investments;	(vii) support for non-productive investments;
	(c) <u>measures targeting the dissemination and conservation of agroforestry systems, including:</u>
	(i) <u>support for the conservation and maintenance of agroforestry systems;</u>
	(ii) <u>NATURA 2000 payments.</u>

Reason

European legislation divides land use into two categories: agricultural land and forestry land. Agroforestry systems are ones which on a single piece of land combine short-term agricultural activities (crops or live-stock production) with longer-term forestry activities (wood or cork production, or for recreational purposes, bringing many external benefits for the environment). Agroforestry covers a wide range of production systems based on multiple use of the land and optimisation of synergies between the various uses, so as to make mutually beneficial use of the trees, crops and livestock. The draft regulation recognises the existence of this third system of land use which differs from both agriculture and forestry. Community support is however restricted to the initial establishment of agroforestry systems. With this recommendation support for the conservation and maintenance of agroforestry is added.

Recommendation 7

Article 36

Commission text	CoR amendment
NATURA 2000 payments	NATURA 2000 payments
Support provided for in Article 34 (a)(iii), shall be granted annually and per hectare of Utilised Agricultural Area to farmers in order to compensate for costs incurred and income forgone resulting from disadvantages in the areas concerned related to the implementation of Directives 79/409/EEC.	Support provided for in Article 34 (a)(iii), shall be granted annually and per hectare of Utilised Agricultural Area to farmers in order to compensate for costs incurred and income forgone resulting from disadvantages in the areas concerned related to the implementation of Directives 79/409/EEC and 92/43/EEC, <u>and to offer an incentive for the environmental value of their farming system.</u>

Reason

The environmental role of agriculture and its importance for the conservation of fauna and flora and the upkeep of the landscape should be socially recognised. It should not be treated as a minor activity whose exercise could be limited.

Recommendation 8

Article 37(4)

Commission text	CoR amendment
<p>4. The payments shall be granted annually and shall cover additional costs and income foregone resulting from the commitment given; where necessary, they may cover also transaction cost.</p> <p>Where appropriate, the beneficiaries are selected on the basis of calls for tender, applying criteria of economic, environmental and animal welfare efficiency.</p> <p>Support shall be limited to the maxima laid down in Annex I.</p>	<p>4. The payments shall be granted annually and shall cover additional costs and income foregone resulting from the commitment given; where necessary, they may cover also transaction cost.</p> <p><u>The payments may be increased by 20% in order to encourage take-up.</u></p> <p><u>If warranted, Member States may propose alternative support schemes.</u></p> <p>Where appropriate, the beneficiaries are selected on the basis of calls for tender, applying criteria of economic, environmental and animal welfare efficiency.</p> <p>Support shall be limited to the maxima laid down in Annex I.</p>

Reason

Given the importance of agri-environmental agreements for stewardship of the countryside, it is a good idea to continue encouraging participation in such agreements. It is important to broaden the basis for calculating support, since the current system is not always applicable.

Recommendation 9

New Article 46 a

Commission text	CoR amendment
	<p><u>Support for the conservation and improvement of agroforestry systems with high environmental value</u></p> <p>1.- The support provided for in Article 34(c)(i) shall be granted to farmers who make management commitments guaranteeing the conservation and improvement of agroforestry systems with high environmental value, including commitments relating to animal welfare.</p> <p>2.- The Member States shall propose a list of areas that could be considered as having agroforestry systems with high environmental value.</p> <p>3.- The support shall be limited to the maximum sums laid down in Annex I.</p>

Reason

See Recommendation 6

Recommendation 10

New Article 46 b

Commission text	CoR amendment
	<p><u>Natura 2000 payments</u></p> <p>The support provided for in Article 34(c)(ii) shall be granted annually per hectare of agroforestry land, to private individuals or associations in compensation for the costs incurred from the restrictions on use of this land resulting from the application of Directives 79/409/EEC and 92/43/EEC.</p> <p>The amount of this support shall be between the maximum and minimum amounts laid down in Annex I.</p>

Reason

See Recommendation 6

Recommendation 11

Article 49(a)

Commission text	CoR amendment
<p>Support under this section involves:</p> <p>a) Measures to diversify the rural economy, comprising:</p> <ul style="list-style-type: none"> (i) diversification into non-agricultural activities, (ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric, (iii) encouragement of tourism activities, 	<p>Support under this section involves:</p> <p>a) Measures to diversify the rural economy, comprising:</p> <ul style="list-style-type: none"> (i) diversification into non-agricultural activities, (ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric, (iii) encouragement of tourism activities,

Commission text	CoR amendment
(iv) the protection, upgrading and management of the natural heritage, so contributing to sustainable economic development.	(iv) <u>support for greater participation of women in the rural economy,</u> (iv) the protection, upgrading and management of the <u>rural heritage (natural, historical and cultural)</u> , so contributing to sustainable economic development.

Reason

Women play an important role in diversification of the rural economy, but often encounter specific problems, such as limited access to capital. The amendment is intended to allow support for measures to remove these obstacles. The rural development strategies implemented under the EAFRD approach successfully address rural heritage, in its widest possible sense, above everything else. Historical and cultural heritage, which are also of concern to rural development groups, must be included along with natural heritage.

Recommendation 12

Article 52

Commission text	CoR amendment
Encouragement of tourism activities The support referred to in Article 49(a)(iii) covers the following: (a) small-scale infrastructure such as information centres and the signposting of tourist sites; (b) recreational infrastructure offering access to natural areas, and small-capacity accommodation; (c) the development and placing on the market of tourism products relating to rural tourism.	Encouragement of tourism activities The support referred to in Article 49(a)(iii) covers the following: (a) small-scale infrastructure such as information centres and the signposting of tourist sites; (b) recreational infrastructure offering access to natural areas, and small-capacity accommodation; (c) the development and placing on the market, <u>including on-line marketing</u> of tourism products relating to rural tourism; (d) <u>specific vocational training for the tourism sector, in areas such as customer service and product development.</u>

Reason

Rural areas can offer fantastic natural heritage and other attractions. However, the ability of the local tourism industry to use these attractions in a sustainable way and to provide the tourist with a high quality experience is often hampered by poor service delivery and/or inappropriate product development. While Article 56 may make reference to 'vocational training' it is essential that specific reference to training is made under the tourism measure. Increasingly people are booking travel, accommodation, holiday and leisure products and services online as well accessing information. Smaller rural tourism service providers are at a disadvantage without the training and wherewithal to cater for online bookings and marketing.

Recommendation 13

Article 58

Commission text	CoR amendment
Local development strategies The measures listed in Article 49 shall be implemented preferably through local development strategies.	Local development strategies The measures listed in Article 49 shall be implemented preferably with the active involvement of local authorities through local development strategies.

Reason

Many of the measures set out in Article 49 are core responsibilities of local authorities. In previous rural development programmes, local authorities in some Member States were marginalised in the process and not directly involved in delivering local development strategies. Ensuring the active involvement of local authorities in the EAFRD will provide for a more comprehensive and coherent approach to the development of many rural areas. Failure to have a specific reference to local authorities may undermine delivering on the objectives of the EAFRD.

Recommendation 14

Article 63(1)

Commission text	CoR amendment
1 In the case of the support referred to in Article 62(a), operations under the strategy must meet the goals laid down in this Regulation for each of the priority axes.	1. In the case of the support referred to in Article 62(a), operations under the strategy must meet one or more of the goals laid down in this Regulation for each of the priority axes.

Reason

Article 63(1) stipulates that measures carried out under the LEADER approach must meet all the goals of the Regulation, which is inconsistent with Article 62(a). The amendment aligns the wording of the two articles.

Recommendation 15

Article 70(2)

Commission text	CoR amendment
3% of the resources referred to in paragraph 1, for an amount of EUR 2.66 billion at 2004 prices, shall be allocated to the reserve provided for in Article 92.	3% of the resources referred to in paragraph 1, for an amount of EUR 2.66 billion at 2004 prices, shall be allocated to the reserve provided for in Article 92.

Reason

It does not make sense to create a performance reserve for the LEADER approach.

Recommendation 16

Article 71.4

Commission text	CoR amendment
Notwithstanding the ceilings set out in paragraph 3, the Fund contribution may be increased by five percentage points for the programmes of the outermost regions and the smaller islands of Aegean Sea.	Notwithstanding the ceilings set out in paragraph 3, the Fund contribution may be increased by five percentage points for the upto 85% of public expenditure for the financing of programmes of the outermost regions and the smaller islands of Aegean Sea.

Reason

Recognition of the exceptional and serious nature of outermost Europe's development problems, which is enshrined in Article 299(2) of the EC Treaty (future Article III-424), calls for this to be addressed specifically and appropriately in agriculture policy after 2006.

Therefore, the specific problems of agriculture in the outermost regions merit greater assistance than other regions. For this reason, it is necessary to maintain the level of aid so that the major structural deficiencies deriving mainly from remoteness and isolation can be overcome as effectively as possible.

Recommendation 17

Article 87

Commission text	CoR amendment
1. Each year, on presentation of the annual progress report, the Commission and the Managing Authority shall examine the main results of the previous year, in accordance with procedures to be determined in agreement with the Member State and Managing Authority concerned.	1. Each year, on presentation of the annual progress report <u>On presentation of the annual progress report mid-term evaluation in 2010,</u> the Commission and the Managing Authority shall examine the main results of the previous year <u>since the beginning of the programme's implementation,</u> in accordance with procedures to be determined in agreement with the Member State and Managing Authority concerned.

Reason

The Regulation stipulates that the programme will run for seven years and is to offer the Member States the possibility to implement its national rural development strategies during this period, taking into account the objectives set. To ensure the sustainable development of the countryside and to achieve the strategic objectives, it is important that these programmes run for several years. For this reason the proposed Regulation covers a longer period, not merely one year.

This raises the question of whether there is any sense in annual programme reviews, especially as the measures are geared to achieving lasting goals. It is not logical to draw conclusions about the programme's implementation after only one year. It would be more sensible and quite sufficient to carry out a mid-term evaluation of the programme's implementation and how to improve quality. An annual evaluation as laid down in the Commission proposal would merely increase unnecessary red tape and run counter to the objectives of simple and clear programming with minimal bureaucracy.

Recommendation 18

Article 92

Commission text	CoR amendment
1. The amount allocated to the reserve referred to in Article 70(2) shall be used to support implementation of the LEADER approach in programmes.	1. The amount allocated to the reserve referred to in Article 70(2) shall be used to support implementation of the LEADER approach in programmes.
2. Implementation of the LEADER approach shall be evaluated on the basis of objective criteria including:	2. Implementation of the LEADER approach shall be evaluated on the basis of objective criteria including:
(a) the priority given to the LEADER approach,	(a) the priority given to the LEADER approach,
(b) the territorial coverage of the LEADER approach,	(b) the territorial coverage of the LEADER approach,
(c) the stage reached in implementing the LEADER priority axis,	(c) the stage reached in implementing the LEADER priority axis,
(d) the leverage effect on private capital,	(d) the leverage effect on private capital,
(e) the results of mid-term evaluations.	(e) the results of mid-term evaluations.

Reason

This article is superfluous if the performance reserve is being abolished.

Recommendation 19

Article 71(6)

Commission text	CoR amendment
An operation financed by the Fund shall not simultaneously benefit during its term of eligibility from a contribution from the Structural Funds, the Cohesion Fund or any other Community financial instrument. An expenditure co-financed by the Fund shall not be co-financed by way of another Community financial instrument.	An operation financed by the Fund shall not simultaneously benefit during its term of eligibility from a contribution from the Structural Funds, the Cohesion Fund or any other Community financial instrument. An expenditure co-financed by the Fund shall not be co-financed by way of another Community financial instrument.
An operation may qualify for a Fund contribution only under one rural development programme at a time. It may be financed under only one priority axis of the rural development programme.	An operation may qualify for a Fund contribution only under one rural development programme at a time. It may be financed under only one priority axis of the rural development programme.

Reason

The deleted sentence would rule out projects that were outside the scope of one priority axis but fell within the scope of the Regulation as a whole.

Recommendation 20

Annex I referring to Article 46a and 46b

Text proposed by the European Commission

None.

CoR amendment		
Article	Subject	Amount in euros or rate
<u>46a (3)</u>	<u>Maximum payment</u>	<u>200</u> <u>Per hectare of UAA</u>
<u>46b</u>	<u>Maximum Natura 2000 payment</u>	<u>200</u> <u>Per hectare of UAA</u>

Reason

To remain consistent with new Article 46a(1).

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the 'Proposal for a Council Regulation — European Fisheries Fund'

(2005/C 164/04)

THE COMMITTEE OF THE REGIONS,

Having regard to the Commission Proposal for a Council Regulation — European Fisheries Fund (COM(2004) 497 final — 2004/0169 (CNS));

Having regard to the decision of the European Commission of 15 July 2004 to consult it on this subject, under the first paragraph of Article 265 of the Treaty establishing the European Community;

Having regard to its President's decision of 26 May 2004 to instruct its Commission for Sustainable Development to draw up an opinion on this subject;

Having regard to Council Regulation (EC) No. 2369/2002 of 20 December 2002 amending Regulation (EC) No. 2792/1999 laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries' sector;

Having regard to Council Regulation (EC) No. 2371/2002 of 20 December 2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy;

Having regard to its opinion on the Commission Green paper on the future of the common fisheries policy (COM(2001) 135 final — CdR 153/2001 ⁽¹⁾);

Having regard to its opinion on the Commission Communication on the reform of the Common Fisheries Policy (COM(2002) 181 final and on the Commission Communication setting out a Community Action Plan to integrate environmental protection requirements into the Common Fisheries Policy (COM(2002) 186 final — CdR 189/2002 ⁽²⁾);

Having regard to its opinion on the Commission Communication — A strategy for the sustainable development of European aquaculture (COM(2002) 511 final — CdR 20/2003 ⁽²⁾);

Having regard to its opinion on the financial perspectives: Communication from the European Commission Building our common Future — Policy challenges and Budgetary means of the Enlarged Union 2007-2013 (COM(2004) 101 final — CdR 162/2004 fin);

Having regard to its draft opinion (CdR 252/2004 rev. 1) adopted on 9 December 2004 by its Commission for Sustainable Development (rapporteur: **Sir Simon Day**, Devon County Council, (UK/EPP));

WHEREAS

- 1) the common fisheries policy should provide for sustainable exploitation of living aquatic resources and of aquaculture in the context of sustainable development, taking account of the environmental, economic and social aspects in a balanced manner, specifically taking into consideration the circumstances of the regions of the European Union;
- 2) the sustainable development component of the common fisheries policy has been integrated into the rules governing the Structural Funds since 1993. Its implementation should be pursued in the context of sustainable development by means of the European Fisheries Fund;

⁽¹⁾ OJ C 107, 3.5.2002, p. 44

⁽²⁾ OJ C 256, 24.10.2003, p. 29

- 3) the scope of the common fisheries policy extends to the conservation, management and exploitation of living aquatic resources and aquaculture, as well as the processing and marketing of fisheries and aquaculture products in so far as those activities are practised on the territory of Member States, in Community waters or by Community fishing vessels or nationals of Member States;
- 4) the European Fisheries Fund will have a substantial effect on the regions and it is therefore essential that regional and local authorities are involved in the implementation of the measures proposed in the regulation on the European Fisheries Fund;

adopted the following opinion at its 58th plenary session of 23 and 24 February 2005 (meeting of 23 February):

1. The Committee of the Regions' views

General remarks

THE COMMITTEE OF THE REGIONS

1.1 **welcomes** the European Commission's proposals for a regulation on the European Fisheries Fund (EFF) to support a sustainable fisheries sector. This fund is necessary as it is vital that local fishing communities can maximise the volume of support to assist fisheries, alternative economic development, and environmental initiatives throughout the current process of radical change;

1.2 **is of the view** that the EFF's budget of around €700 million per year is more or less in line with the budget of the Financial Instrument for Fisheries Guidance (FIFG) for the EU's current financial perspective. The Committee of the Regions **believes** that this budget is a minimum to achieve the objectives outlined in the proposal and should under no circumstances be reduced in negotiations with the other EU Institutions. There is an acceptance that there is a finite pot distributed around more players and that due to cohesion new Member States will benefit more from Convergence funding. The financial challenge for 'old' Member States in the future will be to spend smaller amounts in the best ways;

1.3 **urges** that Regions should have a clearly defined role in each section of the European Fisheries Fund which has a direct impact on the regional and local level. There should be provisions to allow regionally administered schemes; for example restructuring is a regional issue and local structures should allow local flexibility for interpretation to fit circumstances. The regional structure should also enable a flexible interpretation of diversification to fit local circumstances;

1.4 **welcomes** efforts to introduce more selective and environmentally-friendly fishing techniques. Problems associated with discards and bycatch, especially of cetaceans, have become an increasingly serious problem in most parts of the European Union in recent years. Efforts to counter these problems must, however, take local circumstances into account;

1.5 **agrees**, in terms of structural aid, that the EFF should be focused more towards conservation and environmental initiatives, safety, increasing product quality and diversification and less on capital investment measures designed to increase capacity;

1.6 **requests** that the definition of 'small-scale coastal fishing' be extended, as it is currently restricted to vessels of an overall length of less than 12 metres that do not use towed gear, so that it may include small-scale, selective, environmentally-friendly practices that are not necessarily linked to the dimensions of the vessel;

1.7 **suggests** clarification is needed as to whether projects will be allowed to be financed from more than one priority axis to enable integrated activity at project level;

1.8 **calls** for the reconsideration of the mechanism of joint enterprises and the extension of the intended use of vessels that are to cease operating definitively, so that these might be converted into tools for economic progress in developing countries;

1.9 **considers** there should be compatibility between EFF and Structural Funding during implementation to enable Member States and partners to determine the most appropriate funding instruments to fit the local circumstances. This link is important as many future ERDF Competitiveness programmes will not have standard provision set aside for fishing-dependent areas as in the past, so without this option to use EFF or Structural Funds, some support activity for coastal area communities might fall between a funding gap;

1.10 **seeks** clarification of the position regarding the Decision establishing Regional Advisory Councils (RACs) under the Common Fisheries Policy (CFP), and the relationship of the RACs to EFF management. The reform of the CFP adopted in December 2002 provided for RACs in order to improve governance within the CFP and specified that the Council would decide on the establishment of RACs. RACs offer the opportunity for stakeholders to be more closely involved in the development of the CFP;

1.11 **suggests** that clarification is needed on whether the RACs will have any direct involvement in the EFF process. As RACs are expected to increase the involvement of stakeholders in the formulation and implementation of EU Fisheries Policy in the coming years, there needs to be more information on this aspect;

1.12 **endorses** the emphasis placed on promotion of equality between men and women in the Fisheries Industry as well efforts to introduce young people and improve working practices and conditions in this sector; **suggests** a set of case studies, using examples from different Member States, would be a useful tool for the Commission to produce to help spread current experience and best practice.

Remarks on the administration of the European Fisheries Fund

1.13 **recognises** that the addition of new exceptions regarding the application of rule N+2 increases the flexibility and helps the regions especially those of the new Member States to absorb in a timely and orderly manner the structural funds; **agrees** with the proposals for pre-financing of one annual entitlement (Article 78); **suggests** it would be helpful if audits of the current system processes are completed in time to provide useful input and case studies to aid design of the next programme;

1.14 **considers** monitoring should be simplified and minimised, but should still be sufficient to show evidence that programmes have been implemented within the rules and demonstrate what activity has been effective. Alongside this, the audit requirements should be simplified and clarified and the Committee of the Regions **recommends** that the proposals maintain the definition of officially recognised organisations as in Regulation 3759/92;

1.15 **recommends** that the fund should give priority to projects intended to deliver more money per unit of fish landed, e.g. quality schemes, improving supply chain linkages and improving market knowledge and understanding for vessels and processors. Projects to find alternative and additional uses for fishing industry infrastructure could be covered, so that a reduction in the number of vessels might not be the end of the infrastructure if it also has an additional customer/user base.

Remarks on specific articles

1.16 **welcomes** efforts to establish a clearer framework for the EFF and a more 'strategic' approach to Fisheries Policy generally. In particular, the Committee of the Regions **welcomes** the 'partnership' approach (Article 8) to be estab-

lished between the Commission, Member States and competent local and regional authorities. This will ensure that appropriate matched funding is made available to ensure that EFF financial support is forthcoming for restructuring and economic development in the fishing-dependent areas;

1.17 **requests** that the Commission consults the Committee of the Regions for its views for the content of the Community Strategic Guidelines (Article 14) as this would ensure input from the level of government closest to those most affected;

1.18 **strongly recommends** that the strategic report from each Member State (Article 17) includes reference to the Partners of the Member State and how the Member State has worked with their Partners;

1.19 **calls on** the Commission to clarify the scope of assistance aimed at the 'economic and social prosperity' of fishing areas, under Axis 4 for 'Sustainable Development' (Article 42);

1.20 **suggests** a clarification and further investigation of the designation of areas mentioned in Article 42.3. It may be that in this context delegated management should be along the same lines as mainstreamed Leader, which would enable a degree of coordination with, and learning from, Community-based initiatives within the European Agricultural Fund for Rural Development (EAFRD);

1.21 **requests** that more practical information should be made available in Article 44 under Axis 4, on the proposed Coastal Action Groups (CAGs). This should include clarification how CAGs are intended to be positioned within regional and local level structures of government, as well as details of their size and composition, administrative and financial capacity. There also needs to be clarification on how the responsibility of the private sector is intended to be defined in Article 44.2;

1.22 **calls for** clarification of what partners are covered by Article 45 (c);

1.23 **suggests** it would be helpful if the Commission better define at this early stage what would be deemed 'force majeure' under EFF to enable a better understanding of Article 90; **suggests** that the Commission should as a first instance include loss occasioned by any of the following: political unrest, hostilities, threat of war, terrorist activity, and not include losses from: strikes, industrial disputes, closure of ports, weather conditions;

1.24 **considers** that it may be more appropriate for the aquaculture problems under Article 32 to be placed as an aspect within Article 90.

2. The recommendations of the Committee of the Regions

Recommendation 1

Point 29 of the preamble

Text proposed by the Commission	CoR amendment
29 The Community fleet should be reduced in order to adapt it to the available and accessible resources;	29 The Community fleet fishing effort should be reduced <u>adjusted</u> in order to adapt it to the available and accessible resources.

Reason

Reducing the fleet is only one of several ways to adjust the fishing effort in line with the available resources. Measures for adjusting the fishing effort should be implemented when justified by the resources.

Recommendation 2

Point 33 of the preamble

Text proposed by the Commission	CoR amendment
33. Detailed rules should be laid down for granting aid to aquaculture, processing and marketing of fisheries and aquaculture products, while ensuring that these sectors retain economic viability; for this purpose, it is necessary to identify a limited number of priority objectives for assistance and to focus the structural aid on micro and small enterprises;	33. Detailed rules should be laid down for granting aid to aquaculture, processing and marketing of fisheries and aquaculture products, while ensuring that these sectors retain economic viability; for this purpose, it is necessary to identify a limited number of priority objectives for assistance and to focus the structural aid on micro and small enterprises;

Reason

Medium-sized enterprises should not be excluded from aid to aquaculture, processing and marketing of fish products. Many of these enterprises, particularly in the canning industry, fall under the definition of medium-sized enterprises because they employ a large workforce; however, their volume of business is well below the threshold for medium-sized enterprises. This is therefore incompatible with the necessary trend towards the concentration of the sector.

Recommendation 3

Article 4

Text proposed by the Commission	CoR amendment
(e) encourage sustainable development and the improvement of the quality of life in marine, lake and coastal areas affected by fishing and aquaculture activities;	(e) encourage sustainable development and the improvement of the quality of life in marine, lake and coastal areas affected by fishing and aquaculture activities, <u>particularly in peripheral maritime regions;</u>

Reason

Clarification of priorities.

Recommendation 4

Article 6

Text proposed by the Commission	CoR amendment
Complementarity, consistency and compliance	Complementarity, consistency and compliance
1. The Fund shall provide assistance which complements national, regional and local measures, integrating into them the priorities of the Community.	1. The Fund shall provide assistance which complements national, regional and local measures, integrating into them the priorities of the Community.
2. The Commission and the Member States shall ensure that assistance from the Funds is consistent with the activities, policies and priorities of the Community.	2. The Commission and the Member States shall ensure that assistance from the Funds is consistent with the activities, policies and priorities of the Community.
3. The Member States ensure that operations financed by the Fund comply with the provisions of the Treaty and of acts adopted under it, and with Community policies and actions, in particular relating to the rules on competition and the award of public contracts and the protection and improvement of the environment.	3. The Member States ensure that operations financed by the Fund comply with the provisions of the Treaty and of acts adopted under it, and with Community policies and actions, in particular relating to the rules on competition and the award of public contracts and the protection and improvement of the environment.
4. Operations financed by the Fund shall not contribute directly or indirectly to increasing fishing effort.	4. Operations financed by the Fund shall not contribute directly or indirectly to increasing fishing effort <u>where there is a clear risk of overcapacity. Neither shall the Fund contribute to increasing fishing effort of species that are subject to quotas and regulation or of species whose stocks are outside a biologically safe framework. Funding for fishing of clearly underfished species is, however, permitted.</u>
5. The provisions of article 16 of Regulation (EC) No. 2371/2002 shall apply.	5. The provisions of article 16 of Regulation (EC) No. 2371/2002 shall apply.

Reason

Without this clarification the Article brings in an unwelcome total ban on increasing fishing capacity.

Recommendation 5

Article 9

Text proposed by the Commission	CoR amendment
1. Implementation of the operational programmes shall be the responsibility of Member States. That responsibility shall be exercised in accordance with the management and control requirements laid down in this Regulation at the appropriate territorial level.	1. Implementation of the operational programmes shall be the responsibility of Member States, <u>working with designated partners.</u> That responsibility shall be exercised in accordance with the management and control requirements laid down in this Regulation at the appropriate territorial level.

Reason

This should lead to improved partnership.

Recommendation 6

Article 10

Text proposed by the Commission	CoR amendment
1. The Community budget allocated to the Fund shall be implemented within the framework of shared management between the Member States and the Commission, in accordance with Article 53 of Council Regulation (EC) No 1605/2002. However, the budget for technical assistance referred to in Article 45(1) is implemented by the Commission within the framework of direct management. The Member States and the Commission shall ensure compliance with the principles of sound financial management in accordance with Article 274 of the Treaty.	1. The Community budget allocated to the Fund shall be implemented within the framework of shared management between <u>the Regions</u> , the Member States and the Commission, in accordance with Article 53 of Council Regulation (EC) No. 1605/2002. However, the budget for technical assistance referred to in Article 45(1) is implemented by the Commission within the framework of direct management. The Member States and the Commission shall ensure compliance with the principles of sound financial management in accordance with Article 274 of the Treaty.

Reason

Regions should have a clearly defined role in each area of the European Fisheries Fund which has an impact on the local and regional level. To this end, regions should be incorporated into the 'shared management' approach advanced by the Commission, to ensure that they are in the administration and delivery of the EFF.

Recommendation 7

Article 18

Text proposed by the Commission	CoR amendment
2. Assistance shall take the form of operational programmes only. Member States shall draw up an operational programme at national level on completion of close consultations with the regional, local, economic and social partners in the fisheries sector and all other appropriate bodies in accordance with their institutional structure.	2. Assistance shall take the form of operational programmes only. Member States, <u>in cooperation with local and regional authorities as well as economic and social partners</u> , shall draw up an operational programme at national level on completion of close consultations with the regional, local, economic and social partners in the fisheries sector and all other appropriate bodies in accordance with their institutional structure.

Reason

This should lead to improved partnership.

Recommendation 8

Article 19

Text proposed by the Commission	CoR amendment
(c) actions aimed at improving and modernising the administrative structures for implementing the Common Fisheries Policy and strengthening the administrative capacity for the management and inspection of the Fund;	(c) actions aimed at improving and modernising the administrative structures for implementing the Common Fisheries Policy and strengthening the administrative capacity for the management and inspection of the Fund, <u>including delegating some functions of the Managing Authority to sub-regions to streamline the operation;</u>

Reason

The proposed Managing Authority or its partial operation should be delegated below national level. The experience of both PESCA funding (1996-2000) and the current Objective 1 (2000-2006) programmes show that the most efficient, streamlined and simple operation of programme delivery requires local management. The Regulation must therefore allow Member States to delegate some of the functions of Managing Authority to the local partnerships.

Recommendation 9

Article 23

Text proposed by the Commission	CoR amendment
<p>Scope</p> <p>The Fund shall contribute to financing:</p> <p>(a) public aid for ship owners and crews affected by national plans to adjust fishing effort where these form part of the following:</p> <ul style="list-style-type: none"> — recovery plans as referred to in Article 5 of Regulation (EC) No 2371/2002; — emergency measures as referred to in Articles 7 and 8 of Regulation (EC) No. 2371/2002; — national effort adjustment plans following the non-renewal of a fisheries agreement between the Community and a third country or a substantial cut in fishing opportunities under an international agreement or other arrangement; — management plans as referred to in Article 6 of Regulation (EC) No. 2371/2002; — national plans for exit from the fleet with a maximum duration of two years as part of the obligations laid down in Articles 11 to 16 of Regulation (EC) No. 2371/2002 on the adjustment of the capacity of the Community fishing fleet. 	<p>Scope</p> <p>The Fund shall contribute to financing:</p> <p>(a) public aid for ship owners and crews affected by national plans to adjust fishing effort where these form part of the following:</p> <ul style="list-style-type: none"> — recovery plans as referred to in Article 5 of Regulation (EC) No 2371/2002; — emergency measures as referred to in Articles 7 and 8 of Regulation (EC) No. 2371/2002; — national effort adjustment plans following the non-renewal of a fisheries agreement between the Community and a third country or a substantial cut in fishing opportunities under an international agreement or other arrangement; — management plans as referred to in Article 6 of Regulation (EC) No. 2371/2002; — national plans for exit from the fleet with a maximum duration of two years as part of the obligations laid down in Articles 11 to 16 of Regulation (EC) No. 2371/2002 on the adjustment of the capacity of the Community fishing fleet.

Reason

The validity period of the effort adjustment plans should at least match that of the programmes they are part of.

Recommendation 10

Article 24 (6)

Text proposed by the Commission	CoR amendment
<p>6. The duration of the national fishing effort adjustment plans referred to in Article 23 (a) shall not exceed two years.</p> <p>In the cases provided for in Article 23 (a), first, second and fourth indent, the national plans shall be adopted by the Member States within two months following the date of the Council or Commission decision.</p> <p>In the cases provided for in Article 23 (a), third indent, the Member States shall adopt the restructuring plans for the vessels and fishermen affected within two months following the notification from the Commission.</p>	<p>6. The duration of the national fishing effort adjustment plans referred to in Article 23 (a) shall not exceed two years.</p> <p>In the cases provided for in Article 23 (a), first, second and fourth indent, the national plans shall be adopted by the Member States within two months following the date of the Council or Commission decision.</p> <p>In the cases provided for in Article 23 (a), third indent, the Member States shall adopt the restructuring plans for the vessels and fishermen affected within two four months following the notification from the Commission.</p>

Reason

In a 2007-13 programming framework, it does not seem justifiable to limit the fleet adjustment plans to only two years. As regards the second correction, two months is insufficient time and should be extended to at least four months.

Recommendation 11

Article 25

Text proposed by the Commission	CoR amendment
<p>Public aid for permanent cessation</p> <p>1. The Fund shall provide assistance for the part-financing of the permanent cessation of fishing activities of vessels provided it forms part of a fishing effort adjustment plan referred to in Article 23 (a). The definitive cessation of fishing activities of a vessel may be achieved only by the scrapping of the vessel or its re-assignment for non-profit making purposes.</p> <p>Public aid for definitive cessation paid to the owners of vessels shall apply to the vessel's fishing capacity and, where appropriate, to the fishing rights associated with it.</p>	<p>Public aid for permanent cessation</p> <p>1. The Fund shall provide assistance for the part-financing of the permanent cessation of fishing activities of vessels provided it forms part of a fishing effort adjustment plan referred to in Article 23 (a). The definitive cessation of fishing activities of a vessel may be achieved only by the scrapping of the vessel or its re-assignment for non-profit making purposes.</p> <p>Public aid for definitive cessation paid to the owners of vessels shall apply to the vessel's fishing capacity and, where appropriate, to the fishing rights associated with it.</p>

Reason

Public aid for permanent cessation of the fleet is intended to ensure the reduction of the fishing fleet. This reduction is achieved through the elimination of the vessel in question and not through the elimination of the rights of access to certain fisheries. In the case of the vessels of the NEAFC fleet, to eliminate a fishing unit would entail eliminating the currently legal possibility of 'saving up' their rights of access to other vessels from the same fleet in order to have better access, in terms of coefficients, to the allocation of individual quotas.

Recommendation 12

Article 26 (1)

Text proposed by the Commission	CoR amendment
<p>Public aid for temporary cessation</p> <p>1. In the context of the fishing effort adjustment plans referred to in Article 23 (a), first, second and fourth indent, the Fund may contribute to the financing of aid measures for the temporary cessation of fishing activities for fishermen and the owners of vessels for a maximum period of one year, which may be extended by a year.</p> <p>These temporary cessation measures shall accompany a fishing effort adjustment plan ensuring within two years a permanent reduction in capacity equal at least to the reduction in fishing effort resulting from the temporary cessation.</p>	<p>Public aid for temporary cessation</p> <p>1. In the context of the fishing effort adjustment plans referred to in Article 23 (a), first, second and fourth indent, the Fund may contribute to the financing of aid measures for the temporary cessation of fishing activities for fishermen and the owners of vessels for a maximum period of one year, which may be extended by a year.</p> <p>These temporary cessation measures shall accompany a fishing effort adjustment plan ensuring within two years a permanent reduction in capacity equal at least to the reduction in fishing effort resulting from the temporary cessation.</p>

Reason

Measures for temporary cessation must have a positive sustainable effect; therefore they must form part of a fishing effort adjustment plan. However, to set the condition that the fleet undergoes a permanent reduction equal at least to the reduction in fishing effort resulting from temporary cessation is excessive. It must be left to each Member State to decide in their plan of adjustment.

Recommendation 13

Article 27

Text proposed by the Commission	CoR amendment
<p>Investments on board fishing vessels and selectivity</p> <p>1. The Fund may contribute to the financing of equipment:</p> <p>(a) provided for in Article 11(5) of Regulation (EC) No 2371/2002;</p> <p>(b) making it possible for catches to be kept on board the discarding of which is no longer authorised;</p> <p>(c) as part of pilot projects covering the preparation or trial of new technical measures for a limited period to be set by the Council or the Commission;</p> <p>(d) for reducing the impact of fishing on habitats and the sea bottom and on non-commercial species excluding fishing gear.</p> <p>2. The Fund may contribute to the financing of investments to achieve the selectivity of fishing gear provided that the vessel concerned is affected by a recovery plan referred to in Article 23(a), first indent, is changing fishing method, and is leaving the fishery concerned to go to another fishery where the state of the resource makes fishing possible and that the investment only concerns the first replacement of the fishing gear.</p> <p>3. In addition to the cases described in paragraph 2, the Fund may contribute to the financing of the first replacement of fishing gear provided that the new gear is more selective and meets recognised environmental criteria and practices which go beyond existing regulatory obligations.</p>	<p>Investments on board fishing vessels and selectivity</p> <p>1. The Fund may contribute to the financing of equipment:</p> <p>(a) provided for in Article 11(5) of Regulation (EC) No 2371/2002;</p> <p>(b) making it possible for catches to be kept on board the discarding of which is no longer authorised;</p> <p>(c) as part of pilot projects covering the preparation or trial of new technical measures for a limited period to be set by the Council or the Commission;</p> <p>(d) for reducing the impact of fishing on habitats and the sea bottom and on non-commercial species excluding fishing gear.</p> <p><u>(e) related to more selective or low impact fishing techniques, avoiding undesirable by-catches, improvement of quality and safety of products caught and stored on board, improvement of working and safety conditions.</u></p> <p>2. The Fund may contribute to the financing of investments to achieve the selectivity of fishing gear provided that the vessel concerned is affected by a recovery plan referred to in Article 23(a), first indent, is changing fishing method, and is leaving the fishery concerned to go to another fishery where the state of the resource makes fishing possible and that the investment only concerns the first replacement of the fishing gear.</p> <p>3. In addition to the cases described in paragraph 2, the Fund may contribute to the financing of the first replacement of fishing gear provided that the new gear is more selective and meets recognised environmental criteria and practices which go beyond existing regulatory obligations.</p> <p><u>4. The Fund may provide financial assistance for the building of new vessels provided that:</u></p> <p>— <u>the measure is set out in sufficient detail in the national strategic plan</u></p> <p>— <u>it does not reduce the effectiveness of the national fishing effort adjustment plan.</u></p>

Reason

To ensure that assistance can include provision for equipping or modernising vessels to upgrade the standards of the fleet and to prevent the Community fishing fleet from becoming obsolete, provided that the effectiveness of the national fishing effort adjustment plan is not reduced.

Recommendation 14

Article 27 a

Text proposed by the Commission	CoR amendment
<p>Small-scale coastal fishing</p> <p>1. For the purposes of this Article, 'small-scale coastal fishing' means fishing carried on by fishing vessels of an overall length of less than 12 metres and not using towed gear as listed in table 2, Annex I of Commission Regulation (EC) No. 26/2004 of 30 December 2003 regarding the fishing vessels register of the Community().</p> <p>2. Where the Fund provides financing for measures under Article 27 of this Regulation in favour of small-scale coastal fishing the private financial participation rate shown in group 2 of the table in Annex II shall be reduced by 20%.</p> <p>3. Where the Fund provides financing for measures under Article 28 of this Regulation the rates shown in group 3 of Annex II shall be applied.</p> <p>4. The Fund may contribute to the payment of premiums for fishermen and vessel owners involved in small-scale coastal fishing in order to:</p> <ul style="list-style-type: none"> — Improve management and control of access conditions to certain fishing areas; — Promote the organisation of the production, processing and marketing chain of fisheries products; — Promote voluntary steps to reduce fishing effort for the conservation of resources; — Use technological innovations (more selective fishing techniques which go beyond the relevant regulatory requirements) that do not increase fishing effort; <p>The rates laid down in group 3 of the table of Annex II of this Regulation shall be applied.</p>	<p>Small-scale coastal fishing</p> <p>1. For the purposes of this Article, 'small-scale coastal fishing' means fishing carried on by fishing vessels of an overall length of less than 12 metres and not using towed gear as listed in table 2, Annex I of Commission Regulation (EC) No. 26/2004 of 30 December 2003 regarding the fishing vessels register of the Community().</p> <p>2. Where the Fund provides financing for measures under Article 27 of this Regulation in favour of small-scale coastal fishing the private financial participation rate shown in group 2 of the table in Annex II shall be reduced by 20%.</p> <p>3. Where the Fund provides financing for measures under Article 28 of this Regulation the rates shown in group 3 of Annex II shall be applied.</p> <p>4. The Fund may contribute to the payment of premiums for fishermen and vessel <u>ship</u> owners involved in small-scale coastal fishing in order to:</p> <ul style="list-style-type: none"> — Improve management and control of access conditions to certain fishing areas; — Promote the organisation of the production, processing and marketing chain of fisheries products; — Promote voluntary steps to reduce fishing effort for the conservation of resources; — Use technological innovations (more selective fishing techniques which go beyond the relevant regulatory requirements) that do not increase fishing effort; — <u>Promote fishing of clearly underfished species.</u> — <u>Assist renovation to improve integrated development of coastal areas;</u> — <u>Improve safety equipment on board as well as hygiene and working conditions;</u> — <u>Introduce the use of degradable fishing gear in specially protected marine areas;</u> <p>The rates laid down in group 3 of the table of Annex II of this Regulation shall be applied.</p>

Reason

To improve the definition and scope of the article and because fisheries professionals should be encouraged to look to underfished species rather than focusing on stocks where there is currently overcapacity.

Recommendation 15

Article 28

Text proposed by the Commission	CoR amendment
<p>Socio-economic compensation for the management of the fleet</p> <p>1. The Fund may contribute to the financing of socio-economic measures proposed by the Member States for fishermen affected by developments in fishing and which involve:</p> <ul style="list-style-type: none"> (a) the diversification of activities with a view to promoting multiple jobs for people actively employed in the fishing sector; (b) schemes for retraining in occupations outside sea fishing; (c) early departure from the fishing sector, including early retirement; <p>2. The Fund may also contribute to the financing of training measures and training incentives for young fishermen who wish to become owners of a fishing vessel for the first time.</p>	<p>Socio-economic compensation for the management of the fleet</p> <p>1. The Fund may contribute to the financing of socio-economic measures proposed by the Member States for fishermen affected by developments in fishing and which involve:</p> <ul style="list-style-type: none"> (a) the diversification of activities with a view to promoting multiple jobs for people actively employed in the fishing sector; (b) schemes for retraining in occupations outside sea fishing; (c) early departure from the fishing sector, including early retirement; (d) <u>minimising the impact of a temporary fishing ban.</u> (e) <u>the loss of jobs on board vessels covered by permanent cessation measures.</u> <p>2. The Fund may also contribute to the financing of training measures and training incentives for young fishermen who wish to become owners of a fishing vessel for the first time.</p>

Reason

Clearly, businesses should not have to suffer economically from a ban imposed by the authorities. Furthermore, fishing effort adjustment measures will lead to the elimination of fishing units and the corresponding jobs. Socio-economic measures must also cover crews affected by the elimination of vessels qualifying for permanent cessation, as set out in the framework currently in force.

Recommendation 16

Article 30

Text proposed by the Commission	CoR amendment
<p>Eligible measures</p> <p>1. The Fund shall assist investments helping to realise one or more of the following objectives:</p> <ul style="list-style-type: none"> a) diversification towards new species and production of species with good market prospects; b) implementation of breeding methods substantially reducing environmental impact when compared with normal practice in the fisheries sector; c) support for traditional aquaculture activities important for preserving both the economic and social fabric and the environment; d) measures of common interest relating to aquaculture as provided for in Chapter III of this Title and vocational training; 	<p>Eligible measures</p> <p>1. The Fund shall assist investments helping to realise one or more of the following objectives:</p> <ul style="list-style-type: none"> a) diversification towards new species and production of species with good market prospects; b) implementation of breeding methods substantially reducing environmental impact when compared with normal practice in the fisheries sector; c) support for traditional aquaculture activities important for preserving both the economic and social fabric and the environment; d) measures of common interest relating to aquaculture as provided for in Chapter III of this Title and vocational training;

Text proposed by the Commission	CoR amendment
e) compensating for the use of aquaculture production methods helping to protect the environment and conserve nature; f) implementation of public and animal health measures. 2. Investment aid shall be reserved for micro and small businesses.	e) compensating for the use of aquaculture production methods helping to protect the environment and conserve nature; f) implementation of public and animal health measures. 2. Investment aid shall be reserved for micro and small businesses.

Reason

The EFF contributes to the creation of jobs and the generation of new economic activities in the aquaculture sector and the marketing and processing of its products. This contribution should not be limited to investments by micro and small businesses. The Member States will, according to their possibilities, be able to prioritise assistance to projects that enable more efficient socio-economic development of the fisheries sector and fishing-dependent areas.

Recommendation 17

Article 33

Text proposed by the Commission	CoR amendment
Investments in processing and marketing 1. The Fund may support, under the specific strategies to be included in the national strategic plans, investments in processing for direct human consumption and in the marketing of fishery and aquaculture products. This aid is restricted to micro and small enterprises.	Investments in processing and marketing 1. The Fund may support, under the specific strategies to be included in the national strategic plans, investments in processing for direct human consumption and in the marketing of fishery and aquaculture products. This aid is restricted to micro and small enterprises.

Reason

The EFF contributes to the creation of jobs and the generation of new economic activities in the aquaculture sector and the marketing and processing of its products. This contribution should not be limited to investments by micro and small businesses. The Member States will, according to their possibilities, be able to prioritise assistance to projects that enable more efficient socio-economic development of the fisheries sector and fishing-dependent areas.

Recommendation 18

Article 34.2

Text proposed by the Commission	CoR amendment
	(g) <u>adding value at source such as primary and secondary processing.</u>

Reason

This is one of the main objectives of many current strategies and encourages significant economic development within new and existing processing enterprises.

Recommendation 19

Article 36

Text proposed by the Commission	CoR amendment
	(e) <u>contribute towards the initial set up costs of collective groups in the fisheries sector.</u>

Reason

The assistance towards projects by collectives is welcomed. However, collective actions often require new organisations to be set up, thus assistance towards initial set up costs should be included in the assistance.

Recommendation 20

Article 38.2

Text proposed by the Commission	CoR amendment
	(f) <u>assistance to upgrade quayside fish markets.</u>

Reason

This is an area where added value helps underpin the other investments mentioned in the Article.

Recommendation 21

Article 39 (3)

Text proposed by the Commission	CoR amendment
<p>3. The investments shall relate to:</p> <ul style="list-style-type: none"> (a) conducting national and transnational promotion campaigns; (b) the disposal of surplus or underexploited species which are discarded or of no commercial interest; (c) implementation of a quality policy for fishery and aquaculture products; (d) promotion of products obtained using methods with low impact on the environment; (e) promotion of products recognised under the terms of Regulation (EEC) No 2081/92; (f) quality certification; (g) labelling, including the labelling of products caught using environmentally friendly fishing methods; (h) product promotion campaigns or campaigns to improve the image of the fisheries sector; (i) implementation of market surveys. 	<p>3. The investments shall relate to:</p> <ul style="list-style-type: none"> (a) conducting national and transnational promotion campaigns; (b) the disposal of surplus or underexploited species which are <u>normally</u> discarded or of no commercial interest; (c) implementation of a quality policy for fishery and aquaculture products; (d) promotion of products obtained using methods with low impact on the environment; (e) promotion of products recognised under the terms of Regulation (EEC) No 2081/92; (f) quality certification; (g) labelling, including the labelling of products caught using environmentally friendly fishing methods; (h) product promotion campaigns or campaigns to improve the image of the fisheries sector; (i) implementation of market surveys. (j) <u>promoting the creation and work of fisheries producer organisations</u>

Reason

The first part of the amendment improves clarity and the second part aims at ensuring that support for fisheries and producer organisations continue, given the positive effect the FIFG funds have had on promoting fisheries products in this way.

Recommendation 22

Article 41

Text proposed by the Commission	CoR amendment
Modification or reassignment of fishing vessels	Modification or reassignment of fishing vessels
The Fund may support the modification of fishing vessels for exclusively training or research purposes in the fisheries sector by public or semi-public bodies, under the flag of a Member State.	The Fund may support the modification of fishing vessels for exclusively training or research purposes in the fisheries sector by public or semi-public bodies, under the flag of a Member State.
The Fund may support actions to reassign a fishing vessel permanently to non profit-making activities outside professional fishing.	The Fund may support actions to reassign a fishing vessel permanently to non profit-making activities outside professional fishing.

Reason

Fishing vessels must be encouraged to take up other activities, including profit-making activities, provided that these are not related to professional fishing. The Multi-Annual Guidance Programmes for fishing fleets that were in force until 2002 would have achieved better results had they allowed vessels to engage in non-fishing activity — including commercial activity — such as tourism, for example.

Recommendation 23

Article 42

Text proposed by the Commission	CoR amendment
Scope of assistance	Scope of assistance
<p>1. The Fund shall provide assistance, in addition to the other Community instruments, for the sustainable development and improvement of the quality of life of coastal fishing areas eligible as part of an overall strategy which seeks to support the implementation of the objectives of the common fisheries policy, in particular taking account of its socio-economic consequences.</p> <p>2. The measures for the sustainable development of coastal fishing areas shall seek to:</p> <p>(a) maintain the economic and social prosperity of these areas and value to fisheries and aquaculture products;</p> <p>(b) maintain and develop jobs in coastal fishing areas through support for diversification or the economic and social restructuring of areas faced with socio-economic difficulties as a result of changes in the fisheries sector;</p> <p>(c) promote the quality of the coastal environment;</p> <p>(d) support and develop cooperation between national and transnational coastal fishing areas.</p> <p>3. Each Member States shall include in its operational programme a list of the areas eligible for support from the Fund under sustainable development of coastal areas.</p> <p>A fisheries coastal area is generally smaller than NUTS III, with a sea or lake shore, or including a river estuary which has links with fisheries. The area should be reasonably be coherent from a geographical and oceanographical, economic and social view point.</p> <p>The area should have low population density shall, a significant level of employment in the fisheries sector, fishing shall be in decline, and there shall be no municipality with more than 100 000 inhabitants.</p> <p>4. The Member State shall inform the Commission of the eligible areas under paragraph 3</p>	<p>1. The Fund shall provide assistance, in addition to the other Community instruments, for the sustainable development and improvement of the quality of life of coastal fishing areas <u>and particularly the peripheral maritime areas</u>, eligible as part of an overall strategy which seeks to support the implementation of the objectives of the common fisheries policy, in particular taking account of its socio-economic consequences.</p> <p>2. The measures for the sustainable development of coastal fishing areas shall seek to:</p> <p>(a) maintain the economic and social prosperity of these areas and value to fisheries and aquaculture products;</p> <p>(b) maintain and develop jobs in coastal fishing areas through support for diversification or the economic and social restructuring of areas faced with socio-economic difficulties as a result of changes in the fisheries sector;</p> <p>(c) promote the quality of the coastal environment;</p> <p>(d) support and develop cooperation between national and transnational coastal fishing areas.</p> <p>3. Each Member States shall include in its operational programme a list of the areas eligible for support from the Fund under sustainable development of coastal areas.</p>

Text proposed by the Commission	CoR amendment
	<p>A fisheries coastal area is generally smaller than NUTS III, with a sea or lake shore, or including a river estuary which has links with fisheries. The area should be reasonably be coherent from a geographical and oceanographical, economic and social view point.</p> <p>The area should have low population density shall, a significant level of employment in the fisheries sector, fishing shall be in decline, and there shall be no municipality with more than 100 000 inhabitants.</p> <p>4. The Member State shall inform the Commission of the eligible areas under paragraph 3</p>

Reason

The first part of the amendment serves to clarify the priorities. The second part of the amendment is motivated by the fact that the article's first two paragraphs set out the basic guidelines for the measure. As the condition that areas be reasonably coherent from a geographical, oceanographical, economic and social view point is sufficient, there should be no restriction to municipalities with less than 100 000 inhabitants.

Recommendation 24

Article 44

Text proposed by the Commission	CoR amendment
<p>Participation in the sustainable development for coastal fishing areas</p> <p>1. Actions to assist sustainable development of coastal fishing areas shall be implemented on a given territory by a group of local public or private partners set up for this purpose, hereafter called the 'coastal action group' (CAG). Each CAG, established in accordance with the law of the Member State concerned, shall be selected transparently following a public call for proposals.</p> <p>2. Operation carried out on the initiative of CAGs shall be the responsibility of the private sector for a least two third of the projects.</p> <p>3. The CAGs may qualify for support from the Fund provided that they carry out integrated local development actions based on a bottom up process and applied in a given territory or to a specific category of persons or type of projects. The Member State shall ensure that the CAG has sufficient administrative and financial capacity to administer the forms of assistance and successfully complete the planned operations.</p> <p>4. The territory covered by the CAG should be consistent and have sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.</p> <p>5. The CAGs in a given Member State or region, depending on the specific nature of the institutional structure, shall form a joint association with statutes which guarantee their proper functioning.</p>	<p>Participation in the sustainable development for coastal fishing areas</p> <p>1. Actions to assist sustainable development of coastal fishing areas shall <u>may</u> be implemented on a given territory by a group of local public and/or private partners set up for this purpose, hereafter called the 'coastal action group' (CAG). Each CAG, established in accordance with the law of the Member State concerned, shall be selected transparently following a public call for proposals.</p> <p>2. Operation carried out on the initiative of CAGs shall be the responsibility of the private sector for a least two third of the projects.</p> <p>3. The CAGs may qualify for support from the Fund provided that they carry out integrated local development actions based on a bottom up process and applied in a given territory or to a specific category of persons or type of projects. The Member State shall ensure that the CAG has sufficient administrative and financial capacity to administer the forms of assistance and successfully complete the planned operations.</p> <p>4. The territory covered by the CAG should be consistent and have sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.</p> <p>5. The CAGs in a given Member State or region, depending on the specific nature of the institutional structure, shall form a joint association with statutes which guarantee their proper functioning.</p>

Text proposed by the Commission	CoR amendment
	<u>6. The CAGs should be enabled to exchange best practices and capacity building experiences with Leader action groups.</u>

Reason

The first part of the amendment improves clarity and flexibility for local conditions. Point 2 of the Commission text is deleted as no limit should be imposed on projects that can be carried out on the initiative of the public sector in this area and as the priority should be to do everything to enable projects that contribute to achieving the stated aims, regardless of whether it is the public or the private sector overseeing the projects. The new point 6 is motivated by the need to learn from best practice developed for rural communities under the Structural Funds. This should lead to improved organisation and CAG start up at the beginning of the programme period.

Recommendation 25

Article 54

Text proposed by the Commission	CoR amendment
<p>Eligibility of expenditure</p> <p>1. Expenditure shall be eligible for a contribution from the Fund if it has actually been incurred by the beneficiary for carrying out an operation between 1 January 2007 and 31 December 2015. Operations co-financed must not have been completed before the starting date for eligibility.</p> <p>2. Expenditure shall be eligible for a contribution from the Fund only if it has been incurred for operations decided on by the managing authority of the operational programme concerned or under its responsibility in accordance with criteria set in advance by the monitoring committee.</p> <p>A new expenditure, introduced during the review of an operational programme, shall be eligible from the date of the receipt by the Commission of the request for modification of the operational programme.</p> <p>3. The rules on eligibility of expenditure shall be laid down at national level subject to the exceptions provided in this Regulation.</p> <p>4. The following expenditure is not eligible:</p> <p>(a) VAT;</p> <p>(b) debt interest;</p> <p>(c) purchase of land for an amount higher than 10% of total eligible expenditure for the action concerned;</p> <p>(d) accommodation.</p> <p>5. Provisions in paragraphs 1 to 3 of this Article shall be without prejudice to the provisions of Article 45.</p>	<p>Eligibility of expenditure</p> <p>1. Expenditure shall be eligible for a contribution from the Fund if it has actually been incurred by the beneficiary for carrying out an operation between 1 January 2007 and 31 December 2015. Operations co-financed must not have been completed before the starting date for eligibility.</p> <p>2. Expenditure shall be eligible for a contribution from the Fund only if it has been incurred for operations decided on by the managing authority of the operational programme concerned or under its responsibility in accordance with criteria set in advance by the monitoring committee.</p> <p>A new expenditure, introduced during the review of an operational programme, shall be eligible from the date of the receipt by the Commission of the request for modification of the operational programme.</p> <p>3. The rules on eligibility of expenditure shall be laid down at national level subject to the exceptions provided in this Regulation.</p> <p>4. The following expenditure is not eligible:</p> <p>(a) VAT;</p> <p>(b) debt interest;</p> <p>(c) purchase of land for an amount higher than 10% of total eligible expenditure for the action concerned;</p> <p>(d) accommodation.</p> <p>5. Provisions in paragraphs 1 to 3 of this Article shall be without prejudice to the provisions of Article 45.</p>

Reason

Non-VAT registered businesses should be able to receive a contribution on a VAT-included basis.

Accommodation expenses should be included as long as they are genuinely incurred in connection with specific projects that are eligible for funding.

Recommendation 26

Article 63

Text proposed by the Commission	CoR amendment
(c) it shall examine the results of implementation, particularly achievement of the targets set for each priority and the interim evaluations referred to in Article 48;	(c) it shall examine the results of implementation, particularly achievement of the targets set for each priority and the interim evaluations referred to in Article 48 <u>and where appropriate implement any virement necessary to ensure achievement of targets;</u>

Reason

This will contribute towards simplification of the process.

Recommendation 27

Annex II

Text proposed by the Commission	CoR amendment
<u>Group 2: (productive investments)</u>	<u>Group 2: (productive investments)</u>
Measures for the sustainable development of coastal fishing areas (article 43); investments on board fishing vessels (article 27); investments in aquaculture (article 30); investments in processing and marketing of the fishery products (article 34); promotion and development of new markets (article 39).	Measures for the sustainable development of coastal fishing areas (article 43); investments on board fishing vessels (article 27); investments in aquaculture (article 30); investments in processing and marketing of the fishery products (article 34); <u>fishing port facilities (article 38);</u> promotion and development of new markets (article 39).

Reason

Private investments in fishing ports of interest to all fishermen using them and helping to improve the services offered to the fishermen should not be excluded as eligible measures.

Brussels, 23 February 2005

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the

- ‘Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund’ and on the
- ‘Proposal for a Decision of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity — PROGRESS’

(2005/C 164/05)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund (COM(2004) 493 final — 2004/0165 (COD));

Having regard to the Proposal for a Decision of the European Parliament and of the Council Establishing a Community Programme for Employment and Social Solidarity — PROGRESS (COM(2004) 488 final — 2004/0158 (COD));

Having regard to the decision of the Commission of 15 July 2004 to consult it on this subject, under the first paragraph of Article 265 and Article 148 of the Treaty establishing the European Community;

Having regard to the decision of its President of 5 April to instruct its Commission for Economic and Social Policy to draw up an opinion on this subject;

Having regard to the Commission Communication — Third report on economic and social cohesion (COM(2004) 107 final);

Having regard to its opinion on the *Third report on economic and social cohesion* (CdR 120/2004 fin);

Having regard to the Commission White Paper: *European Governance: a White Paper* (COM(2001) 428 final);

Having regard to its opinion on the Commission White Paper: *European Governance: a White Paper* (CdR 103/2001 fin);

Having regard to the proposal for a Council Regulation on the European Structural Fund (COM(98) 131 final);

Having regard to its opinion on the *Proposal for a Council Regulation on the European Structural Fund* (CdR 155/98) ⁽¹⁾;

Having regard to the opinion of the Committee of the Regions on *New Forms of Governance: Europe, a framework for citizens' initiative* (CdR 182/2000 fin);

Having regard to the Commission Communication: *Dialogue with associations of regional and local authorities on the formulation of European Union policy* (COM(2003) 811 final);

Having regard to its draft opinion (CdR 240/2004 rev. 2) adopted on 8 December 2004 by its Commission for Economic and Social Policy (rapporteur: **Mrs Paz Fernandez Felgueroso**, Leader of Gijón Municipal Council (ES — PES)),

adopted the following opinion unanimously at its 58th plenary session, held on 23 and 24 February 2005 (meeting of 23 February).

1. General comments

sets out other provisions of a cross-sectoral nature that will affect the actions set in motion by the Fund;

THE COMMITTEE OF THE REGIONS

1.1 **points out** that this proposed Regulation forms part of a set of regulations on the Structural Funds presented together with other legislative proposals by the European Commission on 14 July 2004. The Regulation sets out the general provisions governing the European Social Fund, hereinafter ‘the Fund’ or ‘the ESF’, as a whole and defines the nature of the activities that the Fund can finance under the ‘convergence’ and ‘regional competitiveness and employment’ objectives. It also

1.2 **emphasises** that the Fund has to date played a significant financial role in employment policy, initiating a process of sustainable growth in jobs. Furthermore, the Fund has prompted a significant number of active policies in the field of employment at national, regional and local level. Its links with the European Employment Strategy (EES) in the current programming period have yielded some extremely valuable results in this field. The Committee of the Regions **trusts** that its links with the Lisbon Strategy will be equally positive;

⁽¹⁾ OJ C 51 of 22.02.1999, p. 48

1.3 **emphasises** that the main task of the European Social Fund is to strengthen economic and social cohesion by supporting Member State policies with the aim of achieving full employment, improving quality and productivity at work, promoting social inclusion and reducing disparities in employment at regional level, in accordance with the guidelines and recommendations set out in the European Employment Strategy. This strategy was revised in 2003 in order to adapt it to the Lisbon Strategy and bring it more closely into line with economic and social cohesion policies;

1.4 **notes** a lack of detail and precision in the current wording of the proposed Regulation. At times, in order to understand its true scope, the Regulation would need to be seen in relation to other legal instruments not considered in this opinion (for instance, to the financing of actions under the Fund or those connected with the partnerships to be set up), which would enhance the Regulation's impact;

1.5 **expresses** its particular concern at the role assigned to Member States and to the managing authorities in ensuring that the Fund's objectives are achieved, without a single reference being made to regional and local authorities in these partnerships; **wishes to point out** the need for greater and better involvement of the regions and local authorities in framing, programming and implementing the Fund's measures, in accordance with the principle of subsidiarity, whilst respecting the institutional set-up in each Member State;

1.6 **has considered** the statements made in the Third Report on Economic and Social Cohesion, which addresses the issue of the ageing of the population in Europe and the repercussions that this has on the world of work. As stated in that document, and according to the latest projections, the number of persons aged between 15 and 64 is expected to fall by 10 % in the EU by 2025. This will result in a greater number of people over the age of 65. The ageing of the population will, in short, lead to a gradual reduction in the EU's active population. This prospect demonstrates the need to maintain the EU's economic growth and increase employment rates, whilst at the same time curbing early retirement. The Committee would here refer to its opinion (adopted at its 56th plenary session on 29 September 2004) on the Commission Communication entitled *Increasing the employment of older workers and delaying the exit from the labour market*;

1.7 **considers** that the future Fund Regulation must reconcile policies for maintaining life-long employability and retraining employees over the age of 40 — both male and female — and for encouraging young people to enter the labour market; this is not reflected in the proposed Regulation. Active ageing and gradual retirement must be promoted in a way that fulfils the criteria of sustainability;

1.8 **regards** it as appropriate that the Regulation should take account of the specific economic and social problems currently facing remote urban areas in relation to other, more highly developed areas in Europe. This situation could make it even harder for people to access employment services; **considers** that social problems must be viewed from all angles, in order to meet the great diversity of needs in European cities;

1.9 **welcomes** the publication of the PROGRESS Programme, a Community programme for employment and social solidarity, especially since the proposal for a Regulation contains no reference to the Community Initiative. The Committee of the Regions **recommends** considering the inclusion of a reference to this Programme in the draft ESF Regulation;

1.10 **is pleased to note** the provision on coherence and complementarity in the proposal for a Decision on the PROGRESS Programme. All action supported by the Structural Funds, particularly by the European Social Fund, must be governed by the principles of coherence, complementarity and concentration;

1.11 **recalls** that in July 2001 the Commission adopted the White Paper on European Governance, which was aimed at opening up the EU policy-making process; also recalls that this process was to involve more people and organisations in shaping and delivering EU policy, which would lead to greater openness and responsibility for all those involved. Greater involvement by regional and local authorities in drawing up EU policies also demonstrates, in some Member States, the important role that these actors play in policy-making, reflecting their increasing responsibilities and the greater commitment of citizens and grassroots organisations to local democracy. **Considers** that this should be taken into account when finalising the Regulation on the Structural Funds, and in particular the ESF Regulation;

1.12 **is pleased to note**, in the proposal for a Regulation, the express reference to innovation, because this dovetails neatly with the philosophy of the Lisbon Strategy, which recommends establishing a European area of research and innovation;

1.13 **believes** that the links established between the proposed Regulation, the EES and the Lisbon Strategy are praiseworthy and will make the European Union's legal and financial instruments more effective; **expresses** its concern at the lack of clarity it has noted throughout this opinion in some of the proposal's articles, as regards issues of content as well as of funding; **considers**, lastly, that more precise provisions will only benefit the future regulation.

2. Recommendations

THE COMMITTEE OF THE REGIONS

2.1 **would like to see** Article 2(1) on the ESF's mission include a specific reference to support for Member State policies regarding compliance with the principle of gender equality, given the importance assigned to this principle in Article 2 of the EC Treaty and Articles I-2 and I-3 of the Treaty establishing a Constitution for Europe; also for policies in the field of non-discrimination, as set out in Article 21 of the Charter of Fundamental Rights of the European Union, because no such reference appears in the text of the proposed Regulation. The Committee of the Regions points out that the future PROGRESS programme is to implement the principle of non-discrimination, and therefore recommends that this be included in the regulation;

2.2 **recommends that**, together with the reference to the European Employment Strategy, the proposed Regulation should also include a reference to the Lisbon Strategy in the main body of the text, because it is on the basis of this Strategy that the European Union set itself the goal of becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, creating more and better jobs and greater social cohesion. The Committee of the Regions **considers** that the actions supported by the Fund must help to achieve this goal;

2.3 **considers** that local and regional authorities must be involved in developing and implementing the annual employment guidelines. Because these guidelines provide an ideal framework for the use of the Fund by setting priorities for the way it is to be used, local and regional authorities must be consulted and fully involved in setting these priorities. This aspect, which is discussed in the Opinion of the Committee of the Regions on the Proposal for a Council Regulation on the European Social Fund — adopted at its 26th plenary session on 18 and 19 November 1998 — is a goal that the Committee of the Regions cannot relinquish in the new programming period 2007-2013;

2.4 **recommends** that training and education actions, which appear mainly under the 'convergence' objective, be extended to the 'regional competitiveness and employment' objective and that this be clarified; **recommends**, furthermore, that lifelong learning be included as a specific activity in the field of training;

2.5 **recommends** that a specific reference to young people be added to Article 3, stipulating that all measures adopted under this article should be geared to offering equal opportunities to women, men and young people, given that the rate of unemployment amongst young people in the euro zone is

almost double the general rate of unemployment, together with a reference to the group comprising unemployed men and women over the age of 40 who, because of their particular situation, risk being excluded from employment, in addition to the groups referred to in the proposal: older and low-skilled workers; job seekers and inactive people; migrants and people with disabilities; **welcomes** the preventive approach in the field of access to employment as a means of combating unemployment;

2.6 **wishes to highlight**, as regards the priorities for receiving support set out in Article 3, the measures for ongoing training, lifelong learning and training in the new information and communication technologies; **welcomes** the fact that increasing and promoting investment in human resources is treated as a priority, because of the effects that this action has on the labour market. Each of these priorities ties in with the Lisbon Strategy; **also highlights** the measures for the modernisation of employment services, language training and the reference to the social economy. Where employment services are concerned, the Committee **recommends** that coordination with local authorities be included in the article. The Committee of the Regions also **proposes** that specific measures be adopted to encourage women to take on positions of responsibility in their working lives;

2.7 **recommends** that the increase in the ceiling on ESF funding for *social inclusion* (priority c) measures to 10 % of the priority axis, specified in Article 3(4) of the draft ESF Regulation, also apply to priority b) measures — *enhancing access to employment*;

2.8 **suggests**, in general, that the terminology and wording of Article 3 of the proposal for a Regulation be improved as they could cause problems of linguistic interpretation, particularly in the current context, now that ten new States have joined the Union and that new languages will consequently become part of the Community *acquis*. This consideration could be extended to all articles in the proposed Regulation;

2.9 **notes** that the draft Fund Regulation emphasises that it is the role of the Member States and the managing authorities to ensure that action supported by the Fund is consistent with the implementation of the European Employment Strategy, and therefore **considers** that it would be useful to further clarify the role of local and regional authorities as they too have to ensure consistency in the activities financed by the Fund, particularly when such actions are implemented by regional and local government; **considers** that this need for consistency and concentration, which is acknowledged in Article 4 of the proposed Regulation, must take account of the consequences for social cohesion;

2.10 **welcomes** the listing of areas in which the Fund's actions must concentrate their activities and the reference to the most serious problems facing regions and localities, including deprived urban areas and declining rural and fisheries-dependent areas; **suggests** that a specific reference also be made in Article 4 to 'industrial areas in crisis', because it is in this field that actions financed by the Fund can help to achieve greater social cohesion at particularly difficult times for the people, especially women;

2.11 **welcomes** the reference to regional and local authorities in connection with good governance and partnership; nevertheless **considers** that, when measures to be financed under the Fund are being planned, regional and local authorities should be taken into account, in line with the specific institutional characteristics of each Member State; as the Committee of the Regions itself stated at its 36th plenary session, held on 14 December 2000, on the initiative *New Forms of Governance: Europe, a framework for citizens*, some issues (such as job creation, inclusion and social cohesion) cannot be successfully solved at one level alone — they need help from all sides, in accordance with the principles of proximity and proportionality. **Considers** that it would be appropriate for some of the measures adopted under the Fund to be managed by regional and local players, which would help to achieve the aims of this article;

2.12 **welcomes** the reference to the need to ensure the involvement of the social partners and adequate consultation of non-governmental stakeholders, at the appropriate territorial level, in the programming, implementation and monitoring of ESF support; **notes**, however, that the proposed regulation suffers from a lack of detail, and therefore calls for this paragraph of Article 5 to be improved; **recommends** specifying both the type of association to be considered in this area, for example workers' and employers' associations, and the ideal level and scope for this consultation. The Committee of the Regions thus **wishes to voice its concern** that in practice the lack of detail could render this article unworkable. The Committee of the Regions **would refer to** the Communication Commission: *Dialogue with associations of regional and local authorities on the formulation of European Union policy*, of 19 December 2003, the main aim of which was to inform territorial partners, through their associations, of the possibility of expressing their views and helping to implement European policies;

2.13 **welcomes** the inclusion of cross-sectoral aspects in the draft Regulation, particularly gender equality. The Member States and the managing authorities must ensure that the operating programmes include a description of how gender equality will be promoted in programming, implementation, monitoring and evaluation. The Committee of the Regions **considers** that regional and local authorities could bring their experience to

bear in light of the lessons learned in the 2000-2006 programming period, and thus **recommends** that a reference be included to these authorities in Article 6;

2.14 **considers** that action funded by the ESF should play an active role in implementing Directive 2002/73 of the European Parliament and of the Council of 23 September 2002 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions; **welcomes** the fact that gender equality is one of the spheres of activity to be included in the future PROGRESS Programme;

2.15 **recommends** that the meaning of the word *description* contained in Article 6 of the draft Regulation be clarified; it would be appropriate for the Regulation to include not only a description of how gender equality is to be promoted, but also guidelines for the principle's proper implementation. For all of these reasons, the Committee of the Regions **recommends** that the content of this provision be redrafted in greater detail;

2.16 **wishes to express** its concern at the total absence of any reference to the regional and local dimension in Article 7, because this is the level at which it is easiest to determine the needs for innovation. Specific knowledge of the local situation helps research and innovation activities. Because of their proximity, local authorities can spot innovative activities and can promote them with all the means available to them, thus making it possible to develop more efficient research and innovation activities at regional and national level;

2.17 **is concerned** to note the deletion of 'innovative actions' because these have helped to implement extremely valuable pilot projects with considerable effects on the labour and vocational training markets; **considers it appropriate** that there should still be an instrument for innovation that is not subsumed into the general run of activities supported by the Fund and that its actions should continue to be coordinated with Community support; this will make it possible to continue experimenting with new ways of doing things in the spheres of employment, male and female workers, social inclusion and territorial disparities;

2.18 **welcomes** the fact that the proposed ESF Regulation contains a specific paragraph devoted to transnational cooperation — Article 8 — which shows greater recognition of the role of the regions; **recommends** that the various territorial cooperation instruments promote the establishment and strengthening of networks of towns and the extension of initiatives establishing decentralised cooperation between local authorities, as stated in the Opinion of the Committee of the Regions on the Third Report on Economic and Social Cohesion, adopted at its 55th plenary session on 16 June 2004;

2.19 **wishes to express its concern** at the absence of any reference to the regional and local dimension in Article 8, which is devoted to transnational cooperation, especially bearing in mind the experience gained in the course of the current programming period under the INTERREG Community initiative; which has been managed within the regions themselves by independent managing authorities distinct from the national authorities; **recommends** that this article be made more specific, as regards the arrangements for action, the funding of these activities and the specific role of the regions and local authorities;

2.20 **is pleased to note** the inclusion in the proposed Regulation of the provision stipulating that the Commission must promote exchanges of experiences, awareness-raising activities, seminars and networking to identify and disseminate good practices and encourage mutual learning, with the aim of enhancing the Fund's contribution to the Community's objectives in relation to employment and social inclusion; **regrets** the fact that the Regulation is not more precise as regards funding for technical assistance and coordination between this programme and all the programmes to be implemented in the

next programming period; and thus **calls** for greater detail to be provided in this article;

2.21 **welcomes** the inclusion of an article devoted to the annual reports and the final report summarising the content of these; **considers** that these reports should also mention the forms of participation and consultation of both sides of industry, non-governmental representatives of the public interest and NGOs;

2.22 **wishes to express its concern** at the lack of detail in some indents in the article on the eligibility of expenditure; this article introduces the concept of 'indirect costs' of an operation, fixed on a flat-rate basis, up to 20 % of the direct costs declared for this operation, according to factors that are not explained; **recommends** greater precision in the final wording of this provision as a whole, because the lack of detail in these matters complicates management and makes spending less efficient, which contravenes the principle of sound financial management, a requirement constantly brought up by the European Commission.

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the White Paper on services of general interest’

(2005/C 164/06)

THE COMMITTEE OF THE REGIONS,

Having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the White Paper on services of general interest (COM(2004) 374 final),

Having regard to the decision of the European Commission of 13 May 2004 to consult it on this subject, under the first paragraph of Article 265 of the Treaty establishing the European Community,

Having regard to the decision of its President of 5 April 2004 to instruct its Commission for Economic and Social Policy to draw up an opinion on this subject,

Having regard to Article 16 of the Treaty establishing the European Community, concerning services of general economic interest, as well as Articles 2, 5, 73, 81, 86, 87, 88 and 295 of the Treaty,

Having regard to Article 36 of the European Charter of Fundamental Rights, concerning access to services of general economic interest,

Having regard to Article III-122 of the Treaty establishing a Constitution for Europe, signed by the Heads of State and Government in Rome on 29 October 2004,

Having regard to its opinion on the Green Paper on services of general interest (CdR 149/2003 fin) ⁽¹⁾,

Having regard to its opinion on the Communication from the European Commission on Services of General Interest in Europe (CdR 470/2000 fin) ⁽²⁾,

Having regard to its opinion on the Draft Commission decision on the application of Article 86 of the Treaty to state aid in the form of public service compensation, the draft directive amending Commission Directive 80/723/EEC on the transparency of financial relations between Member States and public undertakings and the Community framework for state aid in the form of public service compensation (CdR 155/2004 fin) ⁽³⁾,

Having regard to its opinion on the Proposal for a Directive of the European Parliament and of the Council on services in the internal market (CdR 154/2004 fin) ⁽⁴⁾,

Having regard to its opinion on the European Commission’s Green Paper on public-private partnerships and Community law on public contracts and concessions (CdR 239/2004 fin),

Having regard to the draft opinion (CdR 327/2004 rev. 1) adopted on 8 December 2004 by its Commission for Economic and Social Policy (Rapporteur: **Mr Claudio Martini**, President of the Tuscany Region (IT — PES)),

adopted the following opinion at its 58th plenary session, held on 23 and 24 February 2005 (meeting of 23 February):

1. The Committee of the Regions’ views

THE COMMITTEE OF THE REGIONS

Introduction

1.1 The White Paper outlines the actions of the Commission up to 2006. The Committee of the Regions, in close coordination with regional and local authorities, made a substantial contribution to the broad public debate leading up to it.

1.2 **considers** that the White Paper provides an opportunity to continue the debate on the strategies, proposals and commitments it outlines. The public authorities and, in particular, the regional and local authorities and social partners, should contribute to the following points:

— striking the right balance between the public interest inherent to services of general interest (SGI), and compliance with competition rules, not least in the light of the recognition granted to SGI in the Constitutional Treaty;

⁽¹⁾ OJ C 73 of 23.3.2004, p. 7.

⁽²⁾ OJ C 19 of 22.1.2002, p. 8.

⁽³⁾ OJ C 43 of 18.2.2005, p. 13.

⁽⁴⁾ OJ C 43 of 18.2.2005, p.18

- establishing a legal framework for SGI (in particular, with regard to the role of public authorities, the choice of management procedures, long-term funding guarantees, regulation and evaluation);
 - taking stock of the implementation and effects of the sectoral directives on liberalisation in the electronic communications, postal services, electricity and gas sectors in the light of the consultations on the Green and White Papers and, where necessary, preparing a revision of the directives;
 - developing general interest objectives according to the citizen's needs and thereby contributing to greater social and territorial cohesion and the competitiveness of the European economy (Lisbon process); in this context, the Committee of the Regions is disappointed that the European Commission has not prioritised the follow-up to the White Paper on Services of general interest within the context of the immediate objectives for implementing the Lisbon strategy in its Communication on *Working together for growth and jobs — A new start for the Lisbon Strategy* ⁽¹⁾;
 - ensuring a democratic, pluralist and open-minded assessment of the debate, involving all the interested parties;
 - undertaking to ensure that international regulations for trade in services safeguard the objective of providing all citizens with access to public services;
 - tailoring international cooperation programmes with developing countries to include the promotion of investment in basic general interest services and maximum public access to them.
- the fact that SGI objectives and considerations are to take precedence over competition rules in case of conflict between them (sectoral directives are scheduled for review in 2006);
 - the commitment to draft a specific Communication on social and health services of general interest in the course of 2005;
 - the commitment to review procedures for assessing the impact of liberalisation;
 - **notes**, however, that despite the predominantly positive aspects of the White Paper, service undertakings and providers are still left with a high level of uncertainty and insecurity;
 - of a legal nature, regarding the hierarchy of legislation and its interpretation and application;
 - of an economic nature, in the absence of a reliable framework that guarantees long-term funding for investments and compensation for SGI obligations;
 - regarding compliance with the subsidiarity principle, and consequently with the powers and responsibilities of all tiers of authority (local, regional and national);
 - of a political nature, regarding the role of SGI in the European integration process.

Specific comments on the White Paper

THE COMMITTEE OF THE REGIONS

1.3 **welcomes** the following aspects of the White Paper:

- acknowledgement of the fact that the Commission, regional and local authorities, and Member States share responsibility;
- the Commission's endorsement of Article III-122 of the Constitutional Treaty as the legal basis for services of general economic interest;
- the desire to provide greater legal certainty for financing SGI whilst recognising the right of local and regional authori-

SGI in the European institutional framework

THE COMMITTEE OF THE REGIONS

1.4 **emphasises** that SGI are a part of the value system that underpins life in the EU and its Member States, where the close interaction between economic and social progress results in a social market economy and helps to maximise citizen participation in Europe's economy and society;

1.5 **points out** that the organisation of SGI contributes towards: economic, social and territorial cohesion; solidarity and a sense of belonging to a community; the general interest of citizens; and sustainable development, including for generations to come;

⁽¹⁾ COM(2005) 24, p.17

1.6 **is pleased** that the Commission is adopting a stance on the status of services of general interest at European level. This builds a bridge between the current situation which, based on the Treaties and the case law of the European Court of Justice, places competition policy centre-stage, and the new scene presented by the Constitutional Treaty;

1.7 **is satisfied** that the principle of subsidiarity has been upheld in the statement that 'it is primarily for the relevant national, regional and local authorities to define, organise, finance and monitor services of general interest'. The Committee of the Regions would also highlight the fact that national, regional and local authorities are able to develop and implement systems to enhance citizens' ability to decide for themselves who is to provide a specific service;

1.8 **welcomes** the Commission's appreciation of the amendment to current Article 16 (now III-122) of the new Constitutional Treaty, which provides for a European law by co-decision 'within the limits of the Union's competences', to give SGI a clear legal basis. The persistence of arguments against a general legal framework does not justify prolonging the current situation, where lack of legislation compels the European Court of Justice to establish law rather than apply it. The White Paper foresees further consideration of the possibility of drafting a framework law following the ratification of the Constitutional Treaty. In view of this, the Commission has undertaken to publish an evaluation report on possible proposals;

1.9 **emphasises** that there is broad consensus regarding the need to make the EU's role clearer and more transparent, without bestowing upon it further competences. The White Paper appears to accept this fact by acknowledging the competences of Member States and local authorities in relation to services of general interest, including the right to select the legal framework or the public or private character of undertakings with general interest obligations.

SGI and cohesion policy

THE COMMITTEE OF THE REGIONS

1.10 **is convinced** that universal access to high-quality services of general interest at reasonable prices calculated on the basis of production costs is a fundamental aspect of economic, social and territorial cohesion throughout the EU, and that local authorities are best situated to assess their citi-

zens' needs and identify the most appropriate form and structures for providing SGI in their areas;

1.11 **underlines** that, as a result, the objective of territorial cohesion brings a need to develop local public services and pan-European service networks. The Structural Funds — an indispensable instrument for European cohesion policy — should be reformed to promote SGI in relation to cohesion objectives, with particular reference to cross-border cooperation and the promotion of SGI in central and eastern European countries.

SGI and competition

THE COMMITTEE OF THE REGIONS

1.12 **emphasises** the sensitive interconnections between the principles of a single market and SGI;

1.13 **thinks** that, as a consequence, securing long-term funding for investments and for fulfilling public service obligations remains central to ensuring universal access to quality SGI throughout the EU;

1.14 **considers** that the Green Paper was responsible for highlighting the advantages of sectoral liberalisation policies, but did not paid enough attention to the right balance between a fair competition and SGI;

1.15 **welcomes** the Commission's explicit acknowledgment, in the White Paper, that there are incompatibilities between the rules of the internal market and competition on the one hand, and SGI operations, on the other. Nevertheless, the imbalance between general interest considerations and competition rules has yet to be fully addressed;

1.16 **confirms** that the use of a public procurement procedure to select the company which will be given the task of fulfilling a public service obligation is optional, and is not a requirement for fulfilling the conditions for the legality of state aid in the form of public service compensation; **feels** that, in the light of recent case law which considerably restricts the concept of direct management of public services by a local or regional authority, the European Commission should propose an amendment to the legislation on public procurement to establish a definition of direct management geared to what local autonomy really entails;

1.17 **agrees** with the Commission that the objective of creating an open internal market is compatible with the development of SGI, but feels that there is a need to clarify the concept of 'impact on trade', which, on the basis of Articles 12 and 81 to 89 of the EC Treaty, provides a framework for the application of competition rules to SGI. As matters stand at present, the CJEC's broad interpretation of the concept of potential impact on intra-Community trade means that even those undertakings entrusted with discharging a public service at a strictly delimited local level may be subject to the provisions of Article 87(1) of the Treaty;

Distinction between SGI and SGIEI:

1.18 **urges** the Commission to take rapid steps to draw up, on the basis of the Constitutional Treaty, a proposal for a legal framework which should make possible a definition of positive principles, including, for instance:

- criteria for distinguishing between economic SGI and non-economic SGI;
- principles and general obligations of SGI, such as universal service, continuity, quality, efficiency, accessibility and user and consumer protection;
- criteria for curbing trade distortions;
- the right of local and regional authorities to provide services of general economic interest themselves, and guiding principles for financing;
- evaluation mechanisms.

A common language would have horizontal value for sectors under Community legislation, whilst serving as a useful reference point for other sectors.

1.19 **stresses** that this legal framework is all the more important in view of the fact that, as far as public service compensation is concerned, the first two criteria outlined in the Altmark Trans judgment — i.e. the need to clearly define the public service obligation with which the recipient undertaking is entrusted and to establish the parameters on the basis of which the compensation is calculated beforehand in an objective and transparent manner — already entail a requirement for local authorities to define their public service contracts better. This in turn will lead to greater transparency and democratic accountability in the management of services of general economic interest;

THE COMMITTEE OF THE REGIONS

1.20 **considers** that unless a clear distinction is made between services of general economic interest and non-economic interest, and unless SGI are more clearly defined in the Treaties, the unequal automatic application of competition rules will persist;

1.21 **reiterates** in this context the demand it made in its opinion on the proposal for a directive on services in the internal market that '*services of general interest be excluded as a matter of principle from the directive's scope (and not only in part from the application of the country of origin principle)*, in order to avert any discussion when the time comes to implement the directive and so as to avoid the need to have to harmonise this sector in the short term with the aid of Community-wide provisions'; **welcomes** the European Commission's recognition, in its Communication on *Working together for growth and jobs — A new start for the Lisbon Strategy* ⁽¹⁾, of concerns about the application of the country of origin principle in that directive;

1.22 **welcomes** the serious approach to solving problems concerning SGIEI, on the one hand, and public service obligations, on the other; is surprised, however, that the European Commission's three-month work programme provides for the publication in December 2004 of a revised proposal for a Regulation of the Council and of the European Parliament relating to public service obligations in the land passenger transport sector, even though the consultations on the White Paper on SGI are far from being completed;

1.23 **points out**, however, that the White Paper fails to provide a precise definition of SGI, restricting itself to noting that the delivery of goods and services of general interest gives rise to public service obligations. The White Paper mentions nine guiding principles for identifying SGI. These provide a framework for a *posteriori* evaluation without, however, calling into question the principle of competition. The White Paper therefore underscores the difficulties involved in finding a balance between SGI and competition rules;

1.24 **is concerned** that the tendency to apply internal market rules should not prevail over the rightful protection of SGI. In reality, with the exception of services provided free of charge by the public authorities in performance of their duties, all SGI may have an economic aspect;

1.25 **notes** that this has a considerable impact on the responsibility of regional and local authorities to manage SGI through self-administration;

⁽¹⁾ COM(2005) 24, p.17

1.26 **considers** that SGI and SGEI can only be accurately distinguished from each other if they are assessed according to criteria that guarantee fundamental rights, universal access, solidarity and sustainable development.

SGI within the social and health sectors

THE COMMITTEE OF THE REGIONS

1.27 **welcomes** the Commission's commitment to draft a specific Communication on social and health services of general interest during the course of 2005 in order to identify the specific characteristics together with necessary modernisation measures and overcome the current legal uncertainty. In the absence of clear legislation, social and health services tend to become unduly subject to competition rules, to the detriment of their specific vocations. At the same time, mobility within the EU requires that steps be taken towards obtaining the right of access to social and health services throughout the EU. The specificities of this sector should therefore be evaluated, common definitions should be found, mixed situations dealt with, and the specific roles of the relevant operators should be properly coordinated;

1.28 **emphasises** that the Commission, in framing its proposals, must develop an effective level of cooperation with national, regional and local authorities, as well as all interested parties, since social and health services in most European countries are founded on the principles of solidarity and collective funding.

Sectoral directives

THE COMMITTEE OF THE REGIONS

1.29 **notes** that the White Paper foresees an evaluation report on the effects of sectoral directives in 2005 and efforts to achieve greater horizontal coherence in anticipation of their review in 2006. Pan-European SGEI are subject to the internal market's sectoral directives: telecommunications, postal services, electricity, gas, and air, maritime and road transport. These directives entail both competition obligations and public service obligations. They must undergo periodic evaluations to facilitate their review. The reviews must flesh out the public service obligations, make public service obligations in different sectors more consistent, and improve the regulatory framework. Discussions are still ongoing as to whether other SGEI,

including water supply and distribution, waste treatment, urban transport and public television, should be covered by a Community framework and, if so, what legal basis should be adopted (environment, cultural diversity, freedom of information, etc.).

SGI, trade and international cooperation

THE COMMITTEE OF THE REGIONS

1.30 **appreciates** the fact that the White Paper also addresses the matter of cooperating with developing countries to help them establish quality SGI. Access to basic services is an essential tool for supporting development. Unfortunately, there are no shared principles for SGI at international level, nor equitable funding procedures. In order to contribute to the development of SGI in developing countries, the EU should formulate a regional cooperation policy that facilitates the creation of public assets on an international scale by establishing a sound institutional and regulatory framework that encourages investment in basic SGI;

1.31 **nevertheless believes** that a thorough public debate is required to clarify SGI-related choices in international negotiations on trade in services. By applying the principle that the internal regulatory framework should be consistent with international trade agreements, EU policy has hitherto led to the exclusion of publicly funded essential SGI (health, education, culture) and placed numerous restrictions on those sectors that the EU has chosen to liberalise, without providing the necessary guarantees.

2. Recommendations for future developments

THE COMMITTEE OF THE REGIONS

2.1 **considers** that, with regard to the legal aspects, although the White Paper proposes an intensive work programme for the next two years and takes into consideration many of the concerns expressed by local authorities, the Commission has not provided sufficient information regarding future legal instruments and amendments to existing internal market and competition law;

2.2 **notes** that the Commission has undertaken to present proposals by July 2005 for guaranteeing SGI funding conditions in application of the Altmark Trans ruling;

2.3 **asks** the Commission to continue to involve all interested parties in matters such as competition, on which, for the first time, informal consultations were held, thus enabling the CoR to put forward the views of regional and local authorities on matters that affect them closely (see opinion CdR 155/2004 fin, unanimously adopted at the plenary session of 29 September 2004);

2.4 **reasserts** that Community legislation should be drafted in strict compliance with the principle of subsidiarity in order to ensure that the local authorities remain free to choose their organisational modalities and to exercise their prerogatives, in accordance with national legislation;

2.5 **underlines** that the obligation arising from compliance with these principles rules out any possibility of calling into question the decisions that local authorities have already taken regarding the manner in which they are to fulfil their commitments to ensure that citizens have access to services throughout urban, rural and less populated areas;

2.6 **considers** that, given the urgency of securing funding conditions for SGI, the onerous two-year work programme

(reports, decisions, draft legislative acts, studies, communications, etc.) must be completed within the stipulated deadlines if concrete operational measures are to be attained;

2.7 **appreciates** the Commission's commitment to reviewing evaluation procedures for liberalisation in 2005, in the light of opinions expressed by all interested parties as well as the social and environmental impact;

2.8 **agrees** that the Commission should strive to guarantee local and regional authorities' freedom to choose the appropriate procedures for managing services and should exclude binding EU legislative initiatives which would restrict that freedom. It is important to develop a system that guarantees quality and comparability of national data. The existing evaluation of the quality and efficiency of SGEI that are subject to sectoral directives should be improved, whereas evaluation obligations for SGEI that are not subject to sectoral directives should be developed according to principles of independence, pluralism and quality. Under no circumstance should liberalisation be pursued without careful and constant evaluation of its economic, social, territorial and environmental impact.

Brussels, 23 February 2005

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the 'Proposal for a decision of the European Parliament and of the Council establishing an integrated action programme in the field of lifelong learning'

(2005/C 164/07)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a decision of the European Parliament and of the Council establishing an integrated action programme in the field of lifelong learning (COM(2004)474 final — 2004/0153 (COD));

Having regard to the decision of the European Commission of 15 July 2004 to consult it on this subject, under the first paragraph of Article 265 and Article 149 of the Treaty establishing the European Community;

Having regard to the decision of its President of 5 April 2004 to instruct its Commission for Culture and Education to draw up an opinion on this subject;

Having regard to its draft opinion CdR 258/2004 rev. 2 adopted on 7 December 2004 by its Commission for Culture and Education, (Rapporteur: **Ms Christina Tallberg**, Member of Stockholm County Council (SE-PES);

and in consideration of:

the Communication from the Commission on the new generation of Community education and training programmes after 2006 (COM(2004) 156 final);

the Communication from the Commission to the Council and the European Parliament on Building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013 (COM(2004) 101 final).

unanimously adopted the following opinion at its 58th plenary session, held on 23-24 February 2005 (meeting of 23 February).

General background

The Commission has drafted a proposal for a decision of the European Parliament and of the Council establishing an integrated action programme in the field of lifelong learning, comprising a number of sectoral/specific programmes. The integrated programme builds on the current Socrates and Leonardo da Vinci programmes, the eLearning programme, the Europass initiative and the various actions funded through the Community action programme.

The proposal focuses on issues that are of importance to regional and local politics i.e. the grassroots level, and is therefore of great interest to the Committee of the Regions. However, the Commission proposal deals almost exclusively with the EU and national level. The document refers only fleetingly to the local and regional level and its importance for participation in developing and implementing the programme in Europe.

According to Eurostat figures (2001), an average 19.6 % of young Europeans aged 18 and 24 do not show up in the further education and training figures, and 20 %-30 % of school leavers do not undertake any further education or training, be it vocational or general.

Member State education ministers and their counterparts in 14 other European countries established in the Bologna Declaration (19 June 1999) that the European higher education sector must acquire a global appeal to match Europe's great cultural and scientific achievements.

In accordance with the conclusions of the Lisbon European Council (March 2000), the European Council meeting in Feira called on the Member States, the Council and the Commission to establish uniform strategies and practical measures to promote lifelong learning for all.

With this in mind, the Commission adopted its Memorandum on lifelong learning, with a view to launching a Europe-wide debate on a comprehensive strategy to achieve lifelong learning at individual and institutional level, and in all areas of public and private life. The approach taken to European education puts the emphasis on individual learning.

When European ministers with responsibility for higher education met in Prague on 19 May 2001, they stressed, *inter alia*, the importance of making European higher education more attractive to students from Europe and other parts of the world.

The European Council meeting in Stockholm (March 2001) fixed the objectives for European education and training systems. The Council established the following priority development areas for the implementation of the Education 2010 work programme: access to guidance, quality assurance of services, the role of guidance in the development of human resources and guidance to facilitate mobility for study and employment in Europe. The Barcelona European Council (2002) drew up a work programme to achieve these objectives.

The proposal is a follow-up to the Commission Communication to the European Parliament and the Council on Strengthening Cooperation with third countries in the field of higher education (COM(2001) 385 final)).

The White Paper on a New impetus for European Youth addresses young people's need for a flexible guidance and advice system to support continuing access to lifelong and life-wide learning.

In 2002 the Commission decided to make the European area for lifelong learning a reality. One of the practical results, which the Commission achieved in cooperation with the Committee of the Regions, was 'Learning Regions' (Regional networks for lifelong learning — R3L programme). The project brings together 120 regions in 17 networks and aims to develop comprehensive strategies for lifelong learning.

In its Communication on European Union education programmes post 2006, the Commission announces its plans for new EU programmes including a new integrated programme for transnational mobility and lifelong learning cooperation for the EU Member States, EEA/EFTA countries and the applicant countries. The programme covers both general education and vocational training.

The joint interim report presented by the Council and the Commission on Education and Training 2010 addresses essential reforms for the implementation of the Lisbon Strategy and highlights three priority areas: concentrating reforms and investment on the key areas of the Information Society, Making lifelong learning a reality, and Building a Europe of education and training. A new interim report is expected for 2006.

In November 2004 Wim Kok, chairman of the High-Level Group for the mid-term review, submitted his Lisbon Strategy progress report. One of the report's conclusions is that progress on the declared objectives is far too slow. The proposal for an integrated action programme for lifelong learning should also be seen in this context. The local and regional level have great potential to make an active contribution towards achieving the objectives in the field of education.

The Committee of the Regions has on various occasions stressed the need for lifelong learning efforts to be firmly anchored at local and regional level. In view of the importance of this issue to the way society is organised at local and regional level, the Committee of the Regions would like to play an active role in developing and implementing the lifelong learning initiative.

Gist of the proposal

The integrated programme

The new rules cover a new integrated education and training programme for mobility, and lifelong learning cooperation projects and network building. It comprises the following:

1) **The sectoral programmes:**

- **Comenius**, for general education activities concerning schools up to and including upper secondary level;
- **Erasmus**, for education and advanced training activities at higher education level;
- **Leonardo da Vinci**, for all other aspects of vocational education and training; and
- **Grundtvig**, for adult education.

2) **A general/transversal programme** incorporates four key activities:

- Community cooperation on lifelong learning policy;
- paying particular attention to language learning;
- developing ICT-related activities when these extend beyond specific programmes;
- improving dissemination.

3) **A Jean Monnet programme** to support action related to European integration and European institutions and associations in education and training.

Target levels

The lifelong learning and vocational training programme is expected to cost circa EUR 13,620 billion over seven years. The budget centres on **four key goals** set out in the financial perspective for 2007-2013.

The overall objective is to help to make the Community an advanced knowledge-based society through lifelong learning. The four specific programmes are as follows:

- 1 in 20 school pupils involved in Comenius actions 2007–2013;
- 3 million Erasmus students by 2011;
- 150,000 annual Leonardo placements by 2013;
- 25,000 annual Grundtvig mobilities by 2013.

Committee of the Regions views

1. The Committee of the Regions welcomes the European Commission proposal to coordinate EU education programmes in an integrated programme for lifelong learning. The Committee sees this as a very significant contribution towards efforts to encourage all stakeholders to work for rapid changes to general and further education and training systems. It meets the needs of the new knowledge economy and is in line with the Community's ambitions for individual participation and responsibility in society.

2. The Committee has on previous occasions highlighted the significance of a lifelong learning strategy and is anxious to help ensure that the integrated programme makes a powerful impact and provides a meaningful contribution in terms of democracy and prosperity.
 - 2a. A Youth Debate was held in connection with the 10 year anniversary of the Committee of the Regions on November 17-18 2004. Youth representatives stressed that an urgent objective should be to give every pupil the chance to take part in exchange programmes, in order to gain an awareness of other cultures, languages and the European Community. The Committee of the Regions sees the proposed volume objectives as a step in the right direction and endorses the long-term objective highlighted by the youth representatives.
 3. The Lisbon European Council noted that general education and vocational training are crucial to the EU's ability to rise to the challenge and ensure that the information society is available to all. This will enable the EU to achieve its full potential. Education initiatives must include encouragement for various forms of knowledge acquisition and development so that more and more people can be supported more successfully.
- The local and regional level has a key role to play*
4. Throughout the European Union the local and regional level has key responsibilities for the areas addressed in the Commission document.
 5. In many European countries the regional and local level is responsible for general education, vocational training and adult education. It is here that education and training decisions are taken and put into practice. The local and regional level is also an element of the social partnership and a coordinator for local and regional development and growth. Consequently, it is also in its interest to develop workforce skills.
 6. It also acts as a social service, with responsibility for the welfare of its citizens, be they children, adults or senior citizens. Another of its tasks is to help ensure that the most vulnerable groups can be part and parcel of society, especially people with physical and/or mental disabilities. It is also an employer and, as such, stands to gain directly from efforts to improve the skills of its workforce.
 7. There is an important democratic element to local and regional efforts in the field of European education: the opportunity to take part and become a champion of democratic society.
 8. It can also be said that local and regional authorities are uniquely placed to enter into constructive partnerships with the social partners and institutions for general and continuing education in order to tailor general education and vocational training courses to specific local needs and requirements.
 9. Various regional and local cooperation projects act as a significant driving force for growth and development.
 10. Education programmes enable the EU to reach out to citizens directly. No other EU endeavour affects so many people each year. The programmes also help to modernise education systems and help individuals update their skills. In view of the local and regional level's responsibilities, regional players should be an important target group for programme activities in the field of education and training.
 11. The Regional networks for lifelong learning (R3L programme), set up by the Commission and the Committee of the Regions, is an excellent example of dissemination and development of lifelong learning in Europe. The Committee would welcome several other initiatives of this type that can rapidly take hold and actively contribute towards stimulating European integration at grassroots level.
 12. The European local and regional level must be involved at an early stage of the education and training programme activities. It must never be reduced to merely accepting the results of a programme once it has expired.
- The lifelong learning strategy's place in the integrated programme*
13. Lifelong learning is learning-focused rather than education-focused, and is concerned with individual skills development rather than formal education systems.
 14. The strategy extends from nursery school through to adult education, and addresses various forms of learning and education. It is important that this overarching approach is genuinely mainstreamed into the proposed integrated programme and sectoral programmes.
 15. It should be the task of all the specific programmes — not just Comenius — to improve awareness of the diversity and value of European cultures.
 16. The importance of sustainable economic, social and environmental development should be addressed, from a life-long learning perspective, in the common objectives.

17. This is why the Commission Memorandum also makes clear that education and practical training systems should be integrated into a lifelong learning context. The Commission has already established that the new integrated programme must cover both academic education and vocational training. The Committee of the Regions endorses this approach. Programmes such as Socrates and Leonardo have been covered by different regulations and, consequently, different procedures, and this has been a drawback thus far.
18. The fact that basic vocational training comes under Leonardo and post-high school vocational training comes under Erasmus further highlights the need for good cross-sectoral project opportunities.
19. The Committee of the Regions would stress the need for optimum interaction between the different sectoral programmes. Both horizontal and vertical projects must thus be enabled and facilitated in a lifelong learning programme. The proposed structure would appear to be open to such closer cross-sectoral cooperation.
20. The Committee of the Regions considers, however, that in addition to this opening, there must also be a clear *move towards* enhancing cooperation between the different specific programmes, from the perspective of the European lifelong learning strategy.
25. Furthermore, development is often dependent on *small and medium-sized firms*, where employees tend not to have been through higher education. Education and training traditions vary, here. Consequently, it is also important to provide support for a development programme for workers with basic or high school level education needs. It is essential to roll out education and skills programmes in such a way that they reach those working in small and medium-sized firms.
26. It is also important to clarify how the programmes are to have the flexibility needed to cope with policy objectives and needs that might emerge during the programme period.
27. The Committee of the Regions would also stress the need for the distribution of resources to the various programmes to be a continuous process, linked to the budget and to the integrated programme's objectives. This also applies to development *between* the specific programmes and to redistribution options, in order to provide more encouragement for development and exchanges for students with a shorter academic career behind them.

Situation for participants

Meeting current skills needs

21. Vocational training is changing rapidly. In vocational training with a lifelong learning slant, notions such as knowledge and learning take on important connotations, and the current working environment calls for better language skills, for example.
22. Social skills such as a willingness to take on responsibility, to work as part of a team, to get on well with colleagues and other adults, creativity, an ability to see the bigger picture and quality awareness are also becoming important factors in vocational training. Entrepreneurship, active citizenship, equal opportunities and combating racism and xenophobia are examples of other very important 'general' components of vocational training. Several of them are included under the specific objectives of the integrated programme, which the CoR considers positive.
23. In turn, the general education programmes must be more open to the world of work and future employment through, for example, partnerships with firms, project work, and by bringing representatives from the world of work into the classroom.
24. The Committee of the Regions believes that the programme will be able to provide a valuable boost to higher education. This is a very important premise for regional development.
28. The European Parliament recently pointed out that because funding for exchange students is inadequate, it is mostly students from well-heeled backgrounds that have been able to benefit from exchange programmes. It is important that the Member States ensure that students genuinely have access to exchange programmes and funding, and that applicants' financial resources are taken into consideration.
29. A high priority development issue for the Committee of the Regions — and an area in which the integrated action programme for life-long learning can be of far-reaching importance — is social integration. This concerns broad, diverse groups of students with different support needs, from those with learning difficulties or experiencing social vulnerability and exclusion, to students arriving in a country and culture that is alien to them. Today, we can see that a large group of young people with inadequate basic education either interrupt their studies or abandon compulsory education altogether. It should be possible to support methodology development, skills transfers and other initiatives for young people's development.
30. This is such an important problem that it should be expressed clearly in the programme objectives and enabled through EU, national and regional and local programmes. 'Second Chance Schools' is an excellent example of European networks of this type, and contributes to methodology development, skills transfers and activities development.

31. Students with disabilities must be given genuine opportunities to participate in integrated programme activities.
32. With regard to adult participation in the exchange programmes, equal opportunities issues should also be highlighted so that both men and women can participate. Special attention should be paid to workers with new learning needs.

Inclusion of neighbouring third countries

33. The Committee of the Regions also welcomes the intention to include neighbouring third countries. In this context it would seem natural to refer to the European Parliament's statement on wider European neighbourhood. At the local and regional level, contacts were initiated at an early stage and it has been possible to break new ground by establishing contacts with countries that have recently joined the European Union. It would seem natural for this regional and local level work to continue and be extended to new countries.

Division of responsibility

34. The Committee of the Regions would stress the need for a clear division of responsibilities for programme efforts between the Community and the national level. The Member States should be responsible for the practical side as far as possible. A decentralised structure is crucial to the success of future efforts. The local and regional level will also have to play a more active role in this structure.
35. In accordance with the Commission proposal, the Community level should work with matters regarding objectives, general overview, general strategy, observation and analysis, and follow-up and assessment. The Community level will also have to deal with implementation matters, by identifying and disseminating successful forms of implementation. The Committee of the Regions considers that the local and regional level should play an important role in implementing, garnering support for and disseminating the new programmes.
36. Any decision-making procedures that mean that a matter would be handled by two levels should, as a rule, be avoided.

Views on the integrated programme components

37. The Committee of the Regions believes that the proposed integrated programme, with its current ambitions, is of great importance to the promotion of the mobility partnerships, projects and networks in Europe.
38. The mobility projects are extremely important for the local and regional level. It is often the small mobility projects decided at national level that make a significant impact and that advance the idea of Europe, active citizenship and

democracy issues. It is important that the projects should provide scope for openness and opportunities for experience. This facilitates dissemination of knowledge and implementation. Mutual learning is a touchstone here.

39. Mobility projects must also increasingly aim to provide national, regional and local back-up systems to support continued mobility even after a project has ended, in order to maintain the structures and contacts that have been established. The projects should help to remove obstacles and encourage continuous exchanges so that the projects become part of regular activities. It is important that national education funding schemes should also enable students to study part of their course in another Member State.
40. With regard to the development programmes, it is essential to exploit the expertise they breed, e.g. through pools of experts, etc. Projects that value different forms of learning will be especially important to the lifelong learning strategy. The pioneering approach of the development projects should therefore, subject to certain conditions, make it possible to change course while the project is underway.

41. The Committee of the Regions believes that the proposed general/transversal programmes will be very important as a cohesive force and in terms of analysis and support for policy development. Other important tasks will involve launching new projects and networks and contributing to new processes that can meet the EU's education needs.- Given the importance of the regional and local level in the field of education, a link-up is needed between this activity and the Committee of the Regions.

42. The Jean Monnet programme will play a strategic role for European integration in higher education and research.

The committee

43. The Committee of the Regions would stress that that committee that is to assist the Commission (Article 10 of the proposal) should:

- work with objectives and policy development;
- continuously follow and encourage the integrated programme's common objectives;
- ensure that the European strategy for life-long learning actually filters through to the various sectoral programmes.

This committee should have overall responsibility for ensuring that barriers are not created between the sectoral programmes. Cooperation will also be needed between that committee and the Committee of the Regions on future efforts.

Volume objectives

44. The Committee of the Regions endorses the proposed volume objectives, according to which the mobility programmes are expected to treble. These ambitious targets are likely to strengthen the European Community and enhance cohesion. However, the volume objectives must not allow the qualitative side of the programmes to suffer.

Simplification of administrative procedures

45. The Committee of the Regions also welcomes a simplified/flat-rate costing system. The CoR has on previous occasions drawn attention to the negative impact of red tape on application numbers. Many players decline to take part because of complicated document requirements. The Committee of the Regions considers that administration and accounting requirements should must be commensurate with the size of funding involved. Smaller projects need not be subject to the same comprehensive, laborious checks as major projects.

46. The Committee would, however, point out that circumstances and ability to take part in the programmes vary, and this can impact on costs. This can be a question of, for example, lack of familiarity with studying, disabilities, ability to afford travel and accommodation expenses or different regional circumstances.

Titles

47. The Committee of the Regions would also point out that the new programme and its various components should be given unambiguous practical titles so that they are clear and understandable regardless of the European language being used. Expressions such as 'the integrated programme' and 'the general/transversal programme' will lead to confusion and misunderstanding.

48. It should be made sufficiently plain that the 'integrated programme' refers to the whole initiative, while the Comenius, Leonardo, Erasmus, Grundtvig and Jean Monnet programmes are parts of the whole. It should also be made clear that the general/transversal programme has a strategic, umbrella function. The Committee of the Regions feels that this matter should be addressed with particular care.

Subsidiarity and proportionality

49. The programme complements national or regional and local initiatives. The proposed legal basis provides opportunities to add to these. The programme is chiefly active in areas where Member State action cannot be efficient. The aim is not to change the structure and content of educational systems; it focuses rather on areas where value added can be created at European level. With regard to proportionality, the proposal has been designed to achieve maximum simplification.

Committee of the Regions proposals

1. The local and the regional level must be involved in the early stages of the integrated programme.
2. Local and regional players should be an important target group for initiatives concerning European development and integration in general, and programme activities in the field of education in particular.
3. Non-formal and informal learning should be emphasised more in the document.
4. One way of avoiding demarcation problems and obstacles would be try to include as many as possible of the rules for accessing the various parts of the integrated programme in one common Article (equivalent to Article 4 of the proposal) and correspondingly restrict the specific access rules for each of the Comenius, Erasmus, Leonardo da Vinci and Grundtvig sectoral programmes.
5. It is important that a corresponding openness should also filter through to the way the proposed financial frameworks are established for the specific projects.
6. The link between basic and higher education, between general education and vocational training and between formal, non-formal and informal learning needs to be actively strengthened during the programme period.
7. The European life-long learning strategy should be more clearly expressed in the integrated programme and its various components.
8. The Committee of the Regions considers that the local and the regional level must play an important role in implementing, garnering support for and disseminating the integrated programme and its various components.
9. The Committee of the Regions wishes to play an active role in publicising, disseminating and discussing the progress made on these issues at Community level.
10. The proposed general/transversal programme will have a strategic role as a cohesive force in terms of policy development, new projects, and networks for analysing and helping create new mechanisms to meet the Community's education needs. Given the importance of the regional and local level in the field of education, a link-up is needed between this activity and the Committee of the Regions.

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the 'Proposal for a decision of the European Parliament and of the Council establishing the Culture 2007 programme (2007-2013)'

(2005/C 164/08)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a decision of the European Parliament and of the Council *establishing the Culture 2007 programme (2007-2013)* (COM(2004) 469 final — 2004/0150 (COD)),

Having regard to the decision of the Commission of 15 July 2004 to consult it on this subject, under the first paragraph of Article 265 of the Treaty establishing the European Community,

Having regard to the decision of its President of 27 January 2004 to instruct its Commission for Culture and Education to draw up an Opinion on this subject,

Having regard to article III-280 of the draft Treaty establishing a Constitution for Europe,

Having regard to the Communication of the Commission on *Making citizenship work: fostering European culture and diversity through programmes for Youth, Culture, Audio-visual and Civic Participation* (COM (2004) 154 final),

Having regard to the Communication from the Commission *Building our Common Future — Policy challenges and budgetary means of the enlarged Union 2007-13* (COM (2004) 101 final),

Having regard to its Opinion on the *Proposal establishing a Community action for the European Capital of Culture event for the years 2005 to 2019* (CdR 393/2003 fin) ⁽¹⁾,

Having regard to its Draft Opinion CdR 259/2004 rev. 1 adopted on 7 December 2004 by its Commission for Culture and Education, (Rapporteur: **Mrs Rosemary Butler**, Elected Member of the National Assembly for Wales (UK/PES),

unanimously adopted the following opinion at its 58th plenary session, held on 23/24 February 2005 (meeting of 23 February).

1. The Committee of the Regions' views

THE COMMITTEE OF THE REGIONS:

General comments

1.1 **affirms** the importance of a European cultural cooperation programme and feels its political relevance is greater than ever, because of the increasing need to promote understanding and tolerance both within the EU and with our neighbours;

1.2 **concurs** with the overall thrust of the Commission proposal, notably the streamlining of the programme to three overarching objectives and three strands. The CoR greatly appreciates this new structure, which should make for a more coherent and targeted programme and welcomes the move away from the sectoral approach;

1.3 **believes** that the European Commission should do its utmost to promote cross sectoral projects and **contends** that the selection criteria should favour projects that are innovative, risk-taking or pilot in nature, with the proviso that innovation is a relative concept and depends on the local and regional context;

1.4 **hopes** that the integration of the three strands into one programme will produce synergies between the strands and increased programme coherence. The CoR asks the Management committee to monitor whether such synergies are actually occurring;

1.5 **supports** the three overarching objectives that underpin the programme, namely mobility for artists, mobility of works together with inter-cultural dialogue;

1.6 **welcomes** the administrative/financial/legal simplification that takes account of the specificity of the cultural sector such as simpler application forms, flat rates for identifiable budget items, improved information to applicants and limited financial verification of organisations receiving small grants. However, the CoR regrets that these improvements are not included in the legal text itself but in the Explanatory Memorandum. It also feels that this simplification process should be developed further with a more flexible approach to in-kind funding and increased proportionality; whereby bureaucratic requirements on project promoters are proportionate to the size of the project budget;

⁽¹⁾ OJ C 121 of 30.4.2004, p. 15

1.7 **recalls** the fact that small cultural operators tend to have limited resources, both human and financial, and find it far more difficult than their larger counterparts to develop applications for funding. With this in mind, the Committee calls for project preparation costs to be eligible for funding under the programme. More generally, public authorities in the Member States should consider establishing a small seed capital fund to support small operators in the feasibility and bid preparation stage;

1.8 **contends** that the Commission's proposal might militate against the participation of smaller operators and against projects that are 'small in scale but high in quality'. Smaller operators must be given reassurance that the programme is inclusive, and should be actively encouraged to participate;

1.9 **emphasises** that large is not tantamount to high in quality, creativity and innovation and that critical mass is dependent on the geographical context. In rural areas with low population density, a small-scale project may have indisputable critical mass and impact;

1.10 **notes** the Commission's intention to ensure that the new programme should complement European Community programmes in the field of youth, education, sport, information technology etc, but **questions** how this will be implemented, and how this objective will be monitored? The CoR **contends** that cultural activities should be emphasised in the new youth and lifelong learning programmes (2007-13);

1.11 **welcomes** that Article III-280 of the draft Treaty establishing a Constitution for Europe stipulates that, in the field of Culture, the co-decision procedure with qualified majority vote in the Council applies to the legislative procedure for adopting European laws or framework laws establishing incentive measures, excluding any harmonisation of the laws and regulations of the Member States;

1.12 **emphasises** that cultural diversity is one of the defining characteristics of the European Union, a diversity that has significantly increased with the accession of ten new Member States. Accordingly the CoR requests strengthening references to this fundamental principle in the text and maintains that Culture 2007 should embrace all local, regional, national manifestations of both cultural and linguistic diversity. In addition, to reflect the diversity within Member States and immigration trends, the Committee feels that the programme should pay particular attention to supporting projects aimed at minorities themselves or at bridging the divide between

minority and majority culture in an effort to increase mutual understanding;

1.13 **believes** that Culture 2007 must work to safeguard and promote linguistic diversity and **requests** that a reference to this goal should be included in the text, in line with Article 3 of the draft Constitution for Europe and the European Commission's Action Plan on language learning and linguistic diversity;

1.14 **suggests** strengthening the reference to the key role of local and regional authorities in promoting and celebrating the culture of their communities, and calls for Culture 2007 to promote the participation of regional and local authorities in the programme. Activities should be focused at local and regional level rather than major, large-scale projects;

1.15 **welcomes** the proposed budget for Culture 2007, which represents an increase as compared to Culture 2000. In the context of the wider debate on EU financing for the 2007-13 period, the CoR **trusts** that an acceptable compromise will be found. In particular it **hopes** that an adequate level of funding for European cultural cooperation will be maintained in the final decision on the financial perspectives. This is important, since the accession of ten new Member States has increased the EU population by 20 %, and in view of the aspirations of the programme itself;

1.16 **would like the new programme** to highlight the socio-economic benefits that culture can bring, notably how it can help contribute to achieving the EU's Lisbon aims. For example the Committee maintain that the programme should highlight equality of access to culture so that the programme does not become elitist, as well as the regeneration and territorial cohesion benefits culture can deliver;

1.17 **questions** whether there is scope to increase the co-ordination between European Community and cultural policies in the Member States, while respecting the principle of subsidiarity, in order to maximise the effect of each European Community Culture programme grant;

1.18 **expresses its concern** as regards the proposals made by the Commission on project duration, increasing the number of co-organisers and vis-à-vis the threshold rules. The Committee feels that quality and flexibility should be central to the culture programme, as opposed to mechanistic selection criteria and inflexible rules;

Detailed comments

Cooperation focal points

1.19 **seeks** clarification on how the degressivity of Community support rule will work with regard to support for the Cooperation focal points;

1.20 **expresses doubts** over whether it is realistic to expect all the Cooperation focal points to become permanent and financially autonomous after their European Community grant comes to an end;

Studies and analyses

1.21 **welcomes** the proposal to spend EUR 8.56 million on studies and analyses as there is a real need for more solid information on the cultural sector in Europe generally, and European cultural cooperation in particular. Also, the development of key indicators would assist local and regional authorities in helping to benchmark their activities, in order to provide better information on, and possible transfer of, successful policy in the cultural sector;

Collection and dissemination of information

1.22 **requests** justification of the need to dedicate EUR 3.43 million to an Internet portal for the sector as the cost for the European Cultural Laboratory four year pilot project, which aims to set up such an internet portal, is an estimated EUR 1.5 million. Moreover, the CoR **notes** that a culture portal already exists;

1.23 **Suggests** with regard to the support for 'action for the preservation and commemoration of the main sites and archives associated with the deportations' (Second strand) that this action includes protection sites commemorating atrocities committed by the totalitarian regime in the former Soviet Union;

Article 8 — Implementation

1.24 **recalls** the good work carried out by the Commission to improve the functioning of the Culture 2000 programme, for example to tackle the delays in launching calls for proposals, an issue which dogged the current programme at the outset. To further improve the working of the programme it also **requests** that the Commission continues its work to ensure that grants are paid speedily in order to reduce cultural operators' cash-flow problems, and for project promoters whose project was not successful to be properly informed of the reason;

1.25 **calls** for thought to be given to ensuring the best fit between the expertise of the jury member and the projects to be judged. In this way ensuring effective and convincing assessment, which is of particular concern with the move away from the sectoral approach. In the case of cross-sectoral projects, more than one judge may be needed to assess an individual project;

Article 10 — Culture Contact Points

1.26 **advocates** developing the work of the Cultural contact points in promoting the exchange of best practice and cooperation;

Article 11 — Financial Provisions

1.27 **considers** that the Management Committee in the early years of the new programme should do its utmost to promote the involvement of cultural operators, including regional and local authorities, from the new Member States. For example the CoR considers that the minimum financial contribution of 5 % could be halved to 2.5 % for the first two years of the programme, as a 5 % contribution will represent more in real terms in the new Member States than the 'old' given that the average income of the former is lower. The 2.5 % rule should also be applied to any new Member States that join the EU after the beginning of the programme, and should be extended if participation levels from the new Member States are low;

Article 13 — Monitoring and evaluation

1.28 **feels** that feedback from promoters and beneficiaries must be fed into the evaluation process via for example the Culture Contact Point;

1.29 **proposes** that the Culture 2007 programme be assessed against the objectives set out in the Decision, with the aim of ensuring that these objectives are achieved and to provide an evidence base for the development of future culture programmes;

Annex II — Programme Management

1.30 **expresses its concern** that pooling of resources into one 'mega' executive agency shared by other European Community funding programmes such as youth and lifelong learning could lead to a loss of expertise and specialised knowledge of, and sensitivity to the cultural sector, which must be avoided at all costs.

2. The Committee of the Regions' recommendations

Recommendation 1

Whereas 2

Text proposed by the Commission	CoR amendment
Culture should contribute to improving the external visibility of the European Union by promoting its cultural diversity and the common dimensions of its cultures.	Culture should contribute to improving the external visibility of the European Union by promoting its cultural diversity and the common dimensions of its cultures. <u>Special attention should be devoted to safeguarding the position of Europe's small cultures and less widely-spoken languages.</u>

Reason

A reference to safeguarding the position of Europe's smaller cultures and lesser-used languages should be included in the Culture 2007 text as is the case for the Culture 2000 Decision. Its removal sends a negative message to project promoters from these communities, who on the contrary needs assurance that the new programme is open to them.

Recommendation 2

Whereas 13

Text proposed by the Commission	CoR amendment
It is also worthwhile pursuing the action begun by the European Union in the context of Decision No. 792/2004/EC referred to above in order to help ensure European and international protection of Nazi concentration camp sites as historic monuments.	It is also worthwhile pursuing the action begun by the European Union in the context of Decision No. 792/2004/EC referred to above in order to help ensure European and international protection of Nazi concentration camp sites as historic monuments. <u>The programme should also be open to projects associated with deportations, concentration camp sites and commemoration of victims who suffered under the Soviet totalitarian regime.</u>

Reason

The proposed wording for Art. 13 of the Preamble is based on the perception that support should also be given for actions for the preservation and commemoration of the main sites and archives associated with the deportations, former concentration camp sites and also for actions to keep alive the memory of victims who suffered under the Soviet totalitarian regime. Taking into account the history of Europe during the World War II and its aftermath, the programme should not emphasize only preservation and protection of Nazi main sites and archives associated with the deportations and commemoration of victims at these sites, but also should support actions associated with Soviet totalitarian regime which affected largely the Eastern Europe states and nations. As Latvian historians have argued, the Soviet regime was a totalitarian one and it had a great impact on the part of European states known as 'the socialistic block' at the time and was not less harmful than the Nazi totalitarian regime.

It is also worthwhile mentioning that former concentration camp sites within the system of the Soviet totalitarian regime are understood as forced-labour camps and are referred equal to the ones existed in the Nazi regime. Therefore they should be preserved as historic monuments as well.

Recommendation 3

Article 3 (1)

Text proposed by the Commission	CoR amendment
The general objective of the programme shall be to enhance the cultural area common to Europeans through the development of cultural cooperation between the creators, cultural players and cultural institutions of the countries taking part in the programme, with a view to encouraging the emergence of European citizenship.	The general objective of the programme shall be to enhance the cultural area common to Europeans through the development of cultural cooperation between the creators, cultural players, and cultural institutions as well as <u>regional and local authorities</u> of the countries taking part in the programme, with a view to encouraging the emergence of European citizenship <u>and promoting both linguistic and cultural diversity.</u>

Reason

References to local and regional authorities to be included as set out below given their role in promoting the culture of their communities through for example festivals, the preservation of cultural heritage, safeguarding artistic works, grassroots projects and working in partnerships with cultural operators.

In addition references to the European Union's twin goals of cultural and linguistic diversity should be strengthened in the Culture 2007 decision. This would help reassure future project promoters from lesser-used, regional or minority language-speaking communities that the Culture 2007 programme is addressing the goal of integrating projects from these communities into mainstream funding programmes.

Recommendation 4

Article 4.1 b

Text proposed by the Commission	CoR amendment
Support for bodies active at European level in the field of culture and actions supported for the preservation and commemoration of the main sites and archives associated with the deportations, symbolised by the memorials which have been raised on the sites of the former camps and other large-scale martyrdom and extermination sites, and for keeping alive the memory of the victims at these sites.	Support for bodies active at European level in the field of culture and actions supported for the preservation and commemoration of the main sites and archives associated with the deportations, symbolised by the memorials which have been raised on the sites of the former camps and other large-scale martyrdom and extermination sites, and for keeping victims of mass exterminations and martyrdom, mass deportations as well as the <u>preservation of the main sites, memorials, including the former concentrations camps, documenting these events, in order to keep alive the memory of the victims at these sites.</u>

Reason

By including the commemoration of the victims of the Soviet totalitarian regime in the common historical memory of Europe, the continent's structured and consensus-based perception of history is broadened ignoring politically 'sensitive' subjects like this one would considerably reduce trust towards the Union, particularly in the eyes of those citizens for whom such subjects, and memory thereof, is a recent and painful reality.

It is also difficult to ignore the fact that the historical truth of the Second World War and its aftermath tells a clear and unequivocal story of many human destinies destroyed by Soviet terror in what are now the new Member States of the European Union

Recommendation 5

Article 4 (3) new

Text proposed by the Commission	CoR amendment
	<u>Operators will be free to propose projects corresponding to their interests and aspirations, whether sectoral or cross-sectoral, in so far as they aim for at least two of the objectives set out above. No facet of cultural and artistic activity will therefore be excluded a priori.</u>

Reason

The fact that *all* sectors are eligible should be set out in the legislative text. It is important that the language of the Decision is as clear, simple and unambiguous as possible in order to ensure that all potential project promoters understand the text and are aware that, for example, literary translations will be eligible for support within the Culture 2007 programme.

Recommendation 6

Annex (1.1) change heading

Text proposed by the Commission	CoR amendment
1.1 Cooperation Focal Points	1.1 Cooperation Focal Points <u>Creativity hubs</u>

Reason

The name 'Cooperation Focal Point' should be changed as it is too similar to 'Cultural Contact Point' and will lead to confusion. The recommendation 'Creativity hubs' succinctly describes the aim of this strand. The word cooperation is superfluous since all projects funded by the European Cultural cooperation programme must be collaborative.

Recommendation 7

Annex (1.1) para. 2

Text proposed by the Commission	CoR amendment
Each focal point should constitute at least six operators from six different countries participating in the programme and bring together operators from one or more sectors for various multi-annual activities or projects, sectoral or cross-sectoral in nature but pursuing a common objective.	Each focal point should constitute at least six <u>five</u> operators from six <u>five</u> different countries participating in the programme and bring together operators from one or more sectors for various multi-annual activities or projects, sectoral or cross-sectoral in nature but pursuing a common objective.

Reason

Five co-organisers clearly demonstrate European added value and project promoters should not be obliged to seek six co-organisers from 2007. What matters is the commitment of the projects to joint working and the quality of the project itself.

Recommendation 8

Annex (1.1) para. 3

Text proposed by the Commission	CoR amendment
Each focal point shall be intended to carry out a number of structured, multi-annual cultural activities.	Each focal point shall be intended to carry out a number of structured, multi-annual cultural activities <u>and act as an intermediary grant-giving body.</u>

Reason

The 'Cooperation Focal Points' should be allowed to act as intermediary grant giving bodies. In this way the Cooperation focal points could provide fast-track funding, with limited bureaucracy, for smaller/innovative cultural cooperation projects. This system has worked well in the context of the Structural Funds and should be replicated within the context of the Culture 2007 programme.

Recommendation 9

Annex (1.1) para. 6

Text proposed by the Commission	CoR amendment
Community support may not exceed 50% of the project budget and shall be degressive in nature. It may not be more than EUR 500,000 a year. This support shall be granted for a period of five years.	Community support may not exceed 50% of the project budget and shall be degressive in nature. It may not be more than EUR 500,000 a year. This support shall be granted for a period of <u>minimum of three and up to five</u> years.

Reason

More flexibility should be allowed as regards project duration since not all project promoters will want, or need, to run a five-year project. Moreover, many operators are likely to encounter difficulties in finding co-financing for a full five-year period.

Recommendation 10

Annex (1.2) change heading

Text proposed by the Commission	CoR amendment
1.2 Cooperation measures	1.2 Cooperation measures <u>Creative actions</u>

Reason

The name 'cooperation measures' is too technocratic, whereas 'creative actions' emphasises the fact priority will be given to creativity in the selection of projects.

Recommendation 11

Annex (1.2) para. 2

Text proposed by the Commission	CoR amendment
Each action should be designed and carried out in partnership by at least four cultural operators in three different participating countries, whether these operators come from one or more sectors.	Each action should be designed and carried out in partnership by at least four <u>three</u> cultural operators in three different participating countries, whether these operators come from one or more sectors.

Reason

Three co-organisers amply demonstrates European added value. As noted above in the context of the European Cooperation Focal Points, projects should be assessed on their intrinsic quality not on mechanistic selection criteria.

Recommendation 12

Annex (1.2) para. 4

Text proposed by the Commission	CoR amendment
Community support may not exceed 50% of the project budget. It may not be less than 60 000 euro per year nor more than EUR 200,000 per year. This support shall be granted for a maximum of 12 months.	Community support may not exceed 50% of the project budget. It may not be less than 60 000 euro per year nor more than EUR 200,000 per year. This support shall be granted for a maximum <u>minimum</u> of 12 months <u>and a maximum of 24 months</u> .

Reason

There should be more flexibility regarding the minimum level of European Community support (EUR 60,000 a year which means minimum project size of EUR 120,000 per year) as some projects may not need, or be able to absorb, this amount but still have impact and critical mass.

In addition projects should be allowed to last for up to two years, rendering the programme more flexible and user-friendly for promoters.

Recommendation 13

Annex (1.3) para 4

Text proposed by the Commission	CoR amendment
In this context, significant support will also be given to the 'European Capitals of Culture' in order to help implement activities stressing European visibility and trans-European cultural cooperation.	In this context, significant support <u>90% of the budget within the special actions strand will also</u> be given to the 'European Capitals of Culture' in order to help implement activities stressing European visibility and trans-European cultural cooperation.

Reason

The focus of the special actions strands should be the European Capital of Culture initiative. European Community funding for the European Capital of Culture should increase since there are likely to be two *European Capitals of Culture* a year from 2009 to reflect the recent enlargement of the EU. Increased support should for example be used to help the city authorities and cultural operators work with partners in other Member States thereby promoting transnational mobility and inter-cultural dialogue. Moreover dedicating 90 % of the special actions budget to the European Capital of Culture increases the transparency of this strand, which has in the past been criticised for being somewhat opaque. The remaining 10 % should be used towards awards such as the Europa Nostra Prize and the European Union Prize for contemporary architecture (the Mies van der Rohe Award).

Recommendation 14

Article (5) 2

Text proposed by the Commission	CoR amendment
The programme shall also be open to cooperation with other third countries which have concluded association or cooperation agreements with the European Community which include cultural clauses, on the basis of supplementary appropriations and specific procedures to be laid down.	The programme shall also be open to cooperation with other third countries with priority given to our near neighbours in line with the European Neighbourhood Policy, which have concluded association or cooperation agreements with the European Community which include cultural clauses, on the basis of supplementary appropriations and specific procedures to be laid down.

Reason

The programme should prioritise countries that are included in the European Neighbourhood Policy. The importance of dialogue between civilisations and the free exchange of ideas between cultures, religions, traditions cannot be over-emphasised. Joint projects in the cultural field can help achieve the European Neighbourhood Policies main objectives of connecting people and enhancing mutual understanding of each others' cultures, history, attitudes and values, and thereby eliminating distorted perceptions

Recommendation 15

Article (9) 1

Text proposed by the Commission	CoR amendment
The Commission shall be assisted by a committee, composed of representatives of the Member States and chaired by the representative of the Commission.	The Commission shall be assisted by a committee, composed of representatives of the Member States, a <u>representative of the Committee of the Regions</u> and chaired by the representative of the Commission.

Reason

As competence for cultural policy is often at sub-national level in many Member States, the CoR should be authorised to nominate one representative onto the committee. Moreover Member States delegations to the committee should include local and regional representatives where appropriate.

Recommendation 16

Article 10.1

Text proposed by the Commission	CoR amendment
The Cultural Contact Points as defined in point I.3.3 of the Annex shall act as implementing bodies for the dissemination of information on the programme at national level, having regard to Article 54(2)(c) and (3) of Regulation (EC, Euratom) No. 1605/2002.	The Cultural Contact Points as defined in point I.3.3 of the Annex shall act as implementing bodies for the dissemination of information on the programme at <u>both national and sub-national level</u> , having regard to Article 54(2)(c) and (3) of Regulation (EC, Euratom) No. 1605/2002.

Reason

This amendment is consistent with Recommendation 17 of the draft opinion. Cultural Contact Points must also be able to act at regional level, to make it easier for them to reach cultural operators and adapt to their specific characteristics. It should, therefore, be made easier for local or regional authorities or their delegations to set up Cultural Contact Points, always on a voluntary basis.

Recommendation 17

Article (10) 2

Text proposed by the Commission	CoR amendment
<p>2. The Cultural contact points must respect the following criteria:</p> <ul style="list-style-type: none"> — have an adequate number of staff, with professional and linguistic capacities appropriate for work in an environment of international cooperation; — have an appropriate infrastructure, in particular as regards informatics and communications; — operate in an administrative context which enables them to carry out their tasks satisfactorily and to avoid conflicts of interest. 	<p>2. The Cultural contact points must respect the following criteria:</p> <ul style="list-style-type: none"> — have an adequate number of staff, with professional and linguistic capacities appropriate for work in an environment of international cooperation; — have an appropriate infrastructure, in particular as regards informatics and communications; — operate in an administrative context which enables them to carry out their tasks satisfactorily, <u>where appropriate for example the Cultural contact points should operate at sub-national level</u> and to avoid conflicts of interest.

Reason

The Culture Contact Points should be encouraged to operate at sub-national level where appropriate in order to be closer to the citizens and cultural operators on the ground. France's system of 'regional poles' operated by the French Culture Contact Point is an example of good practice that should be replicated in other Member States.

Recommendation 18

Article 12 (d) new

Text proposed by the Commission	CoR amendment
	<u>(d) Promoting the linguistic diversity of the EU</u>

Reason

For reasons set out above (recommendations 1 and 2), references to the goal of linguistic diversity should be strengthened in the text.

Recommendation 19

Annex V OVERALL BUDGET BREAKDOWN

Strand 1

Text proposed by the Commission	CoR amendment
<p>Breakdown of the annual budget for the programme</p> <p>Percentage of the Budget</p> <p>Strand 1 (support for projects) approx. 77%</p> <ul style="list-style-type: none"> — cooperation focal points approx. 36% — cooperation measures approx. 24% — special actions approx. 17% 	<p>Breakdown of the annual budget for the programme</p> <p>Percentage of the Budget</p> <p>Strand 1 (support for projects) approx. 77%</p> <ul style="list-style-type: none"> — cooperation focal points approx. 36% <u>30%</u> — cooperation measures approx. 24% <u>30%</u> — special actions approx. 17%

The Cooperation Focal points and the Cooperation Measures should each receive 30 % of the total budget as opposed to 36 % for the former and 24 % for the latter as at present. The Committee believes that the current breakdown could discriminate against smaller operators, which are often the most experimental and innovative, because they are less likely than bigger players to secure match funding for five years and have the capacity to carry out the extensive development work that will be required.

Recommendation 20

ANNEX 2.2

Text proposed by the Commission	CoR amendment
Actions may be supported for the preservation and commemoration of the main sites and archives associated with the deportations, symbolised by the memorials which have been raised on the sites of the former camps and other large-scale martyrdom and extermination sites, and for keeping alive the memory of the victims at these sites.	Actions may be supported for the preservation and commemoration of the main sites and archives associated with the deportations, symbolised by the memorials which have been raised on the sites of the former camps and other large-scale martyrdom and extermination sites, and for keeping <u>victims of mass extermination and martyrdom, mass deportations as well as the preservation of the main sites, memorials, including the former concentration camps, documenting these events, in order to keep alive the memory of the victims. at these sites.</u>

Reason

By including the commemoration of the victims of the Soviet totalitarian regime in the common historical memory of Europe, the continent's structured and consensus-based perception of history is broadened ignoring politically 'sensitive' subjects like this one would considerably reduce trust towards the Union, particularly in the eyes of those citizens for whom such subjects, and memory thereof, is a recent and painful reality.

It is also difficult to ignore the fact that the historical truth of the Second World War and its aftermath tells a clear and unequivocal story of many human destinies destroyed by Soviet terror in what are now the new Member States of the European Union.

Recommendation 21

ANNEX 3.3

Text proposed by the Commission	CoR amendment
In order to ensure targeted, effective grass-roots dissemination of practical information on the programme, it shall provide for support from 'cultural contact points'. These bodies, acting at national level, shall be set up by the Commission in cooperation with the Member States on a voluntary basis.	In order to ensure targeted, effective grass-roots dissemination of practical information on the programme, it shall provide for support from 'cultural contact points'. These bodies, acting at both national and sub-national level , shall be set up by the Commission in cooperation with the Member States <u>or their regional authorities</u> on a voluntary basis.

Reason

This amendment is consistent with Recommendation 17 of the draft opinion. Cultural Contact Points must also be able to function at regional level, so that they can more easily reach cultural operators and adapt to their specific characteristics. It should, therefore, be made easier for local or regional authorities or their delegations to set up Cultural Contact Points, always on a voluntary basis.

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the 'Proposal for a decision of the European Parliament and of the Council concerning the implementation of a programme of support for the European audiovisual sector (MEDIA 2007)'

(2005/C 164/09)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a decision of the European Parliament and of the Council concerning the implementation of a programme of support for the European audiovisual sector (COM(2004) 470 final — 2004/0151 (COD),

Having regard to the decision of the Council of 9 September 2004 to consult it on this subject, under the first paragraph of Article 265(1) of the Treaty establishing the European Community,

Having regard to the decision of its Bureau of 27 January 2004 to instruct its Commission for Culture and Education to draw up an opinion on this subject,

Having regard to its draft opinion CdR 303/2004 rev. 1 adopted on 7 December 2004 by its Commission for Culture and Education (rapporteur: Mr Theodoros Georgáki, Mayor of Ilióúpoli (EL/PES)),

adopted the following opinion at its 58th plenary session on 23/24 February 2005 (meeting of 23 February)

1. The Committee of the Regions' views

THE COMMITTEE OF THE REGIONS

1.1 **endorses** the unification of training, development, distribution and promotion activities under the umbrella of the new MEDIA 2007 Programme, as this will guarantee and strengthen continuity in organised action aimed at developing and strengthening the European audio-visual area;

1.2 **welcomes** the proposed budget for implementing the programme, which amounts to €1,055 billion, pointing out the need for this to be maintained at high levels in order to cover the greater needs of the 27 countries (25 Member States plus Bulgaria and Romania) participating in the programme. The markets concerned are essentially 'three-speed' markets with considerable disparities as regards the development of the audiovisual sector, which can vary from a high level to none at all. The increase in the said budget is a further acknowledgement of the important role of the audiovisual sector as a vehicle for the spread of cultural values in the building of a common European identity and awareness on the part of European citizens;

1.3 **endorses** the establishment of the principle of 'positive discrimination' in favour of countries with a small capacity for audiovisual production and/or a limited geographical and linguistic range, with a view to levelling out the inequalities and imbalances in comparison with countries having a high production capacity. The idea of encouraging 'audiovisually weak' countries, such as the new Member States and other countries whose market has limited dynamism, such as Greece or Portugal, must inspire the whole MEDIA 2007 Programme. This policy will contribute to maintaining cultural diversity and inter-cultural dialogue at European level;

1.4 **recognises** the need to increase the competitiveness of the fragmented European audiovisual sector and at the same time to strengthen the productive structures of small and

medium-sized enterprises (SMEs) which in practice form the backbone of the European market;

1.5 **shares** the Commission's view that there is an urgent need to simplify the bureaucratic procedures and mechanisms for submitting proposals and creating cooperative links in the European audiovisual sector. Also of particular importance is transparency in the procedures for selecting candidates. Assessment of the candidatures submitted must always be accompanied by a justification to ensure such transparency;

1.6 **endorses** the encouragement of mobility on the part of students and professionals working in the European audiovisual field to enable them to exchange valuable experience and to benefit from the knowledge and training of countries which are advanced in the communications field. Such mobility has special importance for the new Member States of the EU, but also for countries with a limited linguistic and geographical range where the audiovisual sector is not particularly developed;

1.7 **agrees** with the support for dubbing, sub-titling and the creation of multilingual copies of European audiovisual works with the aim of defending cultural diversity. The digitalisation of those works is also very important.

2. The Committee of the Regions' recommendations

THE COMMITTEE OF THE REGIONS

2.1 **points out** the need for greater emphasis to be placed on the role played by local and regional communities in creating the European identity. In the specific field of audiovisual work, regions throughout Europe can, with the proper support, constitute a driving force for original creation and maintenance of cultural diversity, and do their bit to help the competitiveness of the European market;

2.2 **calls** for Article 6 of the programme, concerning promotion of audiovisual works, to include a specific reference to the particular role which the regions and local communities are called upon to play with their special programmes and activities in the effort to increase the competitiveness of the European market. It would also be useful to assist and update the 'media desks' which operate at regional level and which are particularly useful for informing European citizens about developments in the audiovisual sector;

2.3 **recommends** financial support for, and organised communications promotion of, regional and local audiovisual festivals, which play their own important role in creating and developing the European identity, enriching its composition and character with the unique cultural, historical and linguistic features of local communities and societies. Another step in this direction could be providing incentives for the making of more films in small towns and regions of Europe;

2.4 **emphasises** the need for realisation of the measures mainly aimed at young people, who are essentially the future of the European audiovisual sector. The promotion of the works of new European creative artists and the support for festivals for a young public envisaged in the programme are steps in this direction, but are not enough. Among the proposed measures are encouraging mobility of young people in Member States to enable them to get to know the European market, and informing and training them on the basis of the current reality and objective needs of this market;

2.5 **underlines** the need for implementation of the measures intended to improve training in the professions of the audiovisual sector, particularly in countries and regions with a low audiovisual output and/or with a limited geographical and linguistic range. In the countries in question this sector is barely developed and the need for up-to-date training remains considerable. Apart from distance learning and the encouragement of exchanges, it would be worthwhile to refund travel and participation costs for students taking part in training

programmes and conferences organised in countries which have an audiovisual tradition;

2.6 **recommends** incentives to promote business cooperation between companies operating in the European but also in the global audiovisual area, not only in the production sector but particularly in that of distribution. As has become clear from relevant studies as well from actual conditions, the weakness of the distribution system constitutes the basic obstacle to the circulation of European films on the international market. According to the results of the recent research carried out by MEDIA Salles, covering all the films distributed in America and Canada from 2001 to 2003, films originating from western European countries were doing worse and worse at the box office. By contrast, European co-productions showed a steady increase year by year — the same box-office trend as with American co-productions — where Americans are the main producers — with European countries;

2.7 **appreciates** that Community support, apart from providing incentives for development of the audiovisual sector in the stages preceding and following production, must ensure transparency at all stages of the procedure and must lay down rules to guarantee the quality of the works produced;

2.8 **takes the view** that, in the context of the new strategic objective laid down in Lisbon, emphasis must be placed on social cohesion, encouraging the contribution of audiovisual media to combating social exclusion and discrimination, to the social integration of specific population groups and economic migrants, and to questions of gender equality;

2.9 **believes** that encouragement must also be given to special measures and the production of works directed towards sensitive groups of citizens such as those with disabilities and elderly people, and questions relating to the re-integration of people who have found themselves on the margin of society for various reasons.

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on 'The impact of EU chemicals policy on Europe's cities and regions'

(2005/C 164/10)

THE COMMITTEE OF THE REGIONS

Having regard to the decision taken by the CoR Bureau on 15 June 2004, under the fifth paragraph of Article 265 of the Treaty establishing the European Community, to instruct the Commission for Economic and Social Policy to draw up an own-initiative opinion on this subject;

Having regard to the proposal for a Regulation of the European Parliament and of the Council concerning the registration, evaluation, authorisation and restriction of chemicals (REACH), establishing a European Chemicals Agency and amending Directive 1999/45/EC and Regulation (EC) on persistent organic pollutants, and to the proposal for a Directive of the European Parliament and of the Council amending Council Directive 67/548/EEC in order to adapt it to Regulation (EC) of the European Parliament and of the Council concerning the registration, evaluation, authorisation and restriction of chemicals (COM(2003) 644 final);

Having regard to the presidency conclusions of the Lisbon European Council of 23 and 24 March 2000;

Having regard to the European Commission's annual reports on better lawmaking pursuant to Article 9 of the Protocol on the application of the principles of subsidiarity and proportionality, the most recent of which was the report 'Better Lawmaking 2003' of 12 December 2003 (COM(2003) 770 final);

Having regard to the European Commission's initiative on Simpler Legislation for the Internal Market (SLIM), launched in May 1996;

Having regard to its opinion on the *Communication from the European Commission on Productivity: the Key to Competitiveness of European Economies and Enterprises* (CdR 224/2002 fin) ⁽¹⁾;

Having regard to its opinion of 9 October 2003 on the *Communication from the European Commission on Industrial Policy in an Enlarged Europe* (CdR 150/2003 fin) ⁽²⁾;

Having regard to its opinion on the Report from the Commission on *Better Lawmaking 2002* (CdR 62/2003 fin) ⁽³⁾;

Having regard to its opinion on the 2003 Communication from the European Commission on the *Internal Market Strategy* (CdR 341/2002 fin) ⁽⁴⁾;

Having regard to the draft opinion adopted by its Commission for Economic and Social Policy on 8 December 2004 (CdR 238/2004 rev. 1) (rapporteur: Mr Jochen Riebel, Minister for Federal and European Affairs of the *Land* of Hesse and *Land* delegate to the Federation (DE-EPP));

Whereas:

- 1) the March 2000 Lisbon European Council set the European Union the strategic goal of becoming the most competitive and dynamic knowledge-based economy in the world;
- 2) after completion of the first four years, it has become apparent that significant additional efforts will be necessary in order to achieve this objective. It is therefore particularly important that all proposals for EU policy be reviewed with an eye to their impact on international competitiveness;
- 3) Point 6 of the Protocol to the Treaty of Amsterdam states that 'the Community shall legislate only to the extent necessary'. In addition, Point 9 states that the financial or administrative burden falling upon local authorities and economic operators should 'be minimised and proportionate to the objective to be achieved';

⁽¹⁾ OJ C 128, 29.5.2003, p. 1

⁽²⁾ OJ C 23, 27.1.2004, p. 16

⁽³⁾ OJ C 73, 23.03.2004, p. 38

⁽⁴⁾ OJ C 128, 29.5.2003, p. 48

- 4) Article 2 of the EC Treaty states that the tasks of the Community should include promoting the sustainable development of economic activities, a high level of employment, a high degree of competitiveness, and a high level of protection and improvement of the quality of the environment;
- 5) Article 3 of the EC Treaty refers to the activities of the Community for the purposes set out in Article 2, and the strengthening of the competitiveness of Community industry in particular;

adopted the following opinion at its 58th plenary session of 23-24 February 2005 (meeting of 24 February).

1. Views of the Committee of the Regions

THE COMMITTEE OF THE REGIONS

1.1 **approves** in principle of the Commission's attempt to lay down uniform rules on handling chemicals through the introduction of the REACH system;

1.2 **feels** that account should be taken both of the interests of environmental and consumer protection, and of the need to maintain and strengthen the competitiveness of European industry;

1.3 **notes** that the proposal would place a significant burden not only on the chemicals industry but on the production chain as a whole, and at the same time points out however that a balance needs to be struck between, on the one hand, protecting the environment, health and worker safety and, on the other, promoting the innovative capacity and competitiveness of the industry concerned;

1.4 **feels** that the legislation in question is too complex, and that the parties concerned will be unable to apply it without external expertise;

1.5 **supports** any changes in the regulation that can help simplify procedures and cut costs. This will require more specific measures in particular for SMEs, which may incur disproportionate costs as a result of implementing the REACH system;

1.6 **feels** that data should not only be based on annual product volumes, but that other approaches which have been mentioned in the discussion on simplifying registration procedures should also be taken into account, i.e. exposure categories, the 'one substance — one registration' principle, or priority lists. This could facilitate better overall organisation of REACH system operations;

1.7 **considers** that, to ensure that the system is practicable and, for SMEs especially, financially viable only the data which is relevant for safe usage should be required. Compliance with data requirements should not slow down production, marketing or application processes so that enterprises remain in a position to react innovatively and quickly to new market demands (time to market);

1.8 **suggests** making use of all the data already accessible to manufacturers, users and public authorities as another means of applying the regulation more flexibly. In the case of the establishment of consortia, however, (especially between downstream users and between SMEs) the protection of intellectual and industrial property rights must be safeguarded or, alterna-

tively, compensation should be paid. The main features of the division of costs must be laid down in the regulation;

1.9 **notes** that implementation of registration procedures will involve additional responsibilities for the relevant authorities in Member States. A considerable amount of work will be needed, particularly in cases where the criteria used are left very much open to interpretation, making it unclear whether certain requirements apply or not. Registration procedures should therefore be kept as far separate as possible from regulatory activities. Derogations and distinctions must be simplified and formulated with greater precision. If necessary, downstream legislation must be put in place to provide clear pointers to assist in interpretation. Access by regulators to information on the procedures used by the agency must be kept as straightforward and free of red tape as possible;

1.10 **basically approves** the idea of setting up an agency insofar as it would facilitate a uniform approach within the EU, but insists that the jurisdiction and competences of the agency should be more clearly marked out, especially in terms of its relations with other Community, national, regional or local institutions with responsibilities for registering chemicals;

1.11 **considers it desirable** that authorities in the Member States, in close cooperation with the agency, should be in a position to provide entrepreneurs subject to registration requirements with on-the-spot assistance in complying with application procedures, thereby securing the administrative implementation of REACH in the Member States;

1.12 **views** the agency as an independent institution and important service provider, which organises the registration and evaluation of substances under the mantle of confidentiality; in doing this, the agency should seek to be very much open to scientists and experts from the industry;

1.13 **feels** that the agency should ensure that specifications and guidelines for the evaluation procedure are in place so as to enable rapid and uniform action by authorities in the Member States. For this to happen, there must be a clear division of tasks between the agency and the Member States, with no overlapping of administrative responsibilities; in addition, the extremely complex voting rules should be substantially simplified and streamlined to cope with the expected high case-load, while avoiding detailed, bureaucratic rules for communication between the Member States and the agency, and simplifying the rules for dividing substance evaluation tasks among the Member States, without thereby making them a quasi sub-structure of the agency;

1.14 **notes** that there are significant loopholes concerning animal protection. The draft regulation stipulates that, in cases such as parallel registration of a substance, manufacturers are obliged to make use of existing data on animal testing, in order to avoid unnecessary duplication of tests. However, Article 23 only refers to the avoidance of unnecessary animal testing as an abstract objective and cannot therefore replace a specific provision on this point;

1.15 **argues** that animal testing needed to achieve the objectives of the regulation, including a high level of protection for human health and the environment, should be kept to an absolute minimum, and that all existing data should be made available. Animal testing should be prohibited if there are alternative options for testing which have been approved by the authorities;

1.16 **welcomes** the introduction of an obligation for downstream users to register usage of substances, so that applications which have not been registered by manufacturers or importers can be identified, and potential risks can be avoided through appropriate precautions;

1.17 **is however aware** of the disadvantages that would arise, especially for SMEs, from any requirement to disclose details of usage and consequently of technical expertise to substance suppliers or to conduct costly studies of their own;

1.18 **feels that it is necessary** to lay down exact conditions for data sharing, so that SMEs are not penalised by rules on the sharing of costs (not only the costs of animal testing) and protection of know-how.

2. Evaluation of the impact

2.1 Implementation of the draft regulation will primarily concern producers and importers of substances and preparations, who will be subject to requirements for registration and the related obligations to disclose information. The main burden will fall on the chemicals industry. However, all sectors which make use of chemicals, i.e. virtually all processing industries and service providers, will be affected as 'downstream users'. Under the new rules there is a danger that chemicals will disappear from the European market and that price levels will rise. This in turn would undermine the position of European processing industries vis-à-vis competitors from outside Europe. Moreover, adjusting to the new system would also entail costs. Production and employment could therefore be adversely affected by the introduction of the REACH system, not only in the chemicals industry, but also in many other sectors.

2.2 Small and medium-sized enterprises are particularly affected. Substance registration alone is likely to exceed the financial and human resources of many companies, if information is to be provided in as much detail as currently required by REACH. Given that, in many cases, it will not be possible to pass on costs to customers, the production of certain chemicals will be brought to a halt and the viability of companies along

the production chain will potentially be under threat, even though the companies in question are the backbone of many European industrial regions.

2.3 The Commission's estimates for the direct and indirect costs of using the system over the next few years have been criticised by various parties as being too low. The Committee therefore welcomes the Commission's decision to conduct a new impact assessment to study indirect costs, effects on downstream users and the implications for new Member States. It would be best to wait for the results of this impact assessment before any further decisions are taken by the European Council and Parliament.

2.4 It is thought that the new system will encourage innovation, and it is certainly true that some of the measures will make it easier to identify and market more new substances. However, there is also a negative impact on the innovative capacity of enterprises, particularly in the initial implementation phase. As a result of REACH, the time to market of new products will be increased. Enterprises will be more exposed to risk as a result of additional costs at the research stage, and researchers will spend a great deal of time on testing existing chemicals rather than developing new products. However, innovation is the key to the future economic success of Europe, and the chemicals industry is by far the largest source of innovative intermediate products. A lack of innovation in this field would therefore also have a strongly negative impact on the innovative potential of other sectors. In general, the Committee considers that the mechanisms (which are mostly automatic) designed to encourage innovation are still too general and, given the scale of the expected impact, insufficient to the job at hand.

2.5 On the one hand, costs are likely to be incurred by economic players, by the regions in which jobs will be threatened, and by end users as a result of higher prices of final products. As for the benefits, they are expected to arise in the fields of health, environmental and consumer protection, safety at work, and also from simplified legislation and the pressure on enterprises to innovate and compete; however, this view does not take into account the fact that benefits will be phased over a considerably longer period than the costs, and will thus be felt in other sectors or society as a whole.

3. The Committee of the Regions' recommendations

THE COMMITTEE OF THE REGIONS

3.1 **urges** the European Commission to check the REACH proposals for compliance with the subsidiarity and proportionality principles;

3.2 **calls on** the Commission to take account of the public and consumers by providing for the uniform labelling of chemicals in an area that is today marked by considerable disparity, and **endorses** the Commission's proposal to secure uniform rules for chemical products registered before or after 1981;

3.3 **calls** in particular for a review of the proposals to consider whether the administrative outlay to businesses and the related costs involved in achieving the objectives of these legal provisions are in fact necessary;

3.4 **feels** that the objectives envisaged by the proposals could also be achieved by less complex legal provisions;

3.5 **urges** the European Commission to consider alternative proposals currently under discussion for simplifying the REACH system;

3.6 **calls** for measures to help and support SMEs in the registration process in order to safeguard or strengthen economic performance and employment in European regions which are dependent on industry;

3.7 **recommends** using a more strongly risk-orientated, exposure-based, priority-led concept instead of a quantity-based approach to production and import volumes;

3.8 in tandem with that **recommends** other moves designed to make the legal provisions considerably simpler and more readily understandable for users of the registration, evaluation and authorisation procedure;

3.9 **urges** the European Commission to consider whether substance evaluation cannot make use of information systems and data which already exist in Member States;

3.10 **urges** the European Commission to bring chemicals legislation into line with legislation in other policy areas;

3.11 **calls** especially for the introduction of a specific risk-based information system to avoid duplication of data procurement at different stages of the production chain;

3.12 **recommends**, for the sake of European business competitiveness, entering into negotiations with the WTO, with a view to international harmonisation of these rules;

3.13 in particular **urges** the European Commission to cast a critical eye over its proposals to check for compatibility with its own initiatives for simpler legislation for the internal market (SLIM) and for better lawmaking;

3.14 **calls upon** the Commission to ensure that the basic principle that responsibility shall lie with the manufacturer of the chemical product or the party marketing the product ('polluter pays' principle and principle of the reversal of the burden of proof) shall continue to be upheld at all stages of the marketing of the product in question, the aim being to help to safeguard the protection of workers, consumers and the environment.

3.15 **urges** the European Commission, in its overall consideration of Community objectives, to examine the impact of its proposals on regional economic structures and thus their compatibility with the EU objective of economic and social cohesion; with this in mind, sectoral pilot studies could be carried out in the various European regions that have a chemicals industry, in order to secure an accurate assessment of the impact of future legislation on a case-by-case basis;

3.16 **urges** the European Commission to act on the findings of the expanded impact assessment, which is expected for the end of March 2005;

3.17 **urges** the European Commission to clearly mark out the powers of any European Chemicals Agency and to ensure a viable and business-friendly implementation of chemicals policy by closely involving local players.

Brussels, 24 February 2005

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Social Dimension of Globalisation — the EU's policy contribution on extending the benefits to all'

(2005/C 164/11)

THE COMMITTEE OF THE REGIONS,

Having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Social Dimension of Globalisation — the EU's policy contribution on extending the benefits of all (COM(2004) 383 final,

Having regard to the decision of the European Commission of 18 May 2004 to consult the Committee on this text under Article 265(1) of the Treaty establishing the European Community,

Having regard to the decision taken by the CoR Bureau on 15 June 2004 to instruct the Commission for Economic and Social Policy to draw up an opinion on the subject,

Having regard to the Report of the World Commission on the Social Dimension of Globalization published on 24 February 2004,

Having regard to its Opinion on *the impact on local and regional authorities of the negotiations on the General Agreement on Trade in Services (GATS) at the WTO* (CdR 103/2003 fin) ⁽¹⁾,

Having regard to its Opinion on *the Communication from the Commission on immigration, integration and employment* (CdR 223/2003 fin) ⁽²⁾,

Having regard to its Opinion on *the conditions of entry and residence of third-country nationals for the purposes of studies, vocational training or voluntary service* (CdR 2/2003 fin) ⁽³⁾,

Having regard to its Opinion on *a proposal for a Council Decision establishing the European Refugee Fund for the period 2005-2010* (CdR 80/2004 fin) ⁽⁴⁾,

Having regard to its Opinion on *the Mid-term review of the Lisbon Strategy* (CdR 152/2004 fin),

Having regard to its Opinion on *the proposal for a new Regulation on the European Social Fund* (CdR 240/2004 fin),

Having regard to its Opinion on *the strategy of the Internal Market 2003-2006* (CdR 341/2002 fin) ⁽⁵⁾,

Having regard to its draft opinion (CdR 328/2004 rev. 1) adopted on 8 December 2004 by the Commission for Economic and Social Policy (rapporteur: **Ms Ulrike Rodust**, Mitglied des Schleswig-Holsteinischen Landtages (DE-PES)),

adopted the following opinion unanimously at its 58th plenary session, held on 23 and 24 February 2005 (meeting of 23 February):

⁽¹⁾ OJ C 256 of 24.10.2003, p. 83

⁽²⁾ OJ C 109 of 30.4.2004, p. 46

⁽³⁾ OJ C 244 of 10.10.2003, p. 5

⁽⁴⁾ OJ C 318 of 22.12.2004, p. 30

⁽⁵⁾ OJ C 128 of 29.5.2003, p. 48

Views and recommendation of the Committee of the Regions

1. General comments

THE COMMITTEE OF THE REGIONS

1.1 **welcomes** the Communication on social dimension adopted by the European Commission in May 2004 setting out its initial views on the issues raised in the report of the World Commission on the Social Dimension of Globalisation (WCSDG) and its conclusions;

1.2 **shares** the view of the Commission that the WCSDG report delivers balanced, critical but positive messages that can be the basis for future action;

1.3 **points out** in this regard that globalization has set in motion a process of far-reaching change that is affecting everyone. Wisely managed, it can deliver unprecedented material progress, generate more productive and better jobs for all, and contribute significantly to reducing world poverty. But the world is far short from realizing this potential. The current process of globalization is generating unbalanced outcomes, both between and within entities;

1.4 **notes** with concern that the influence of globalization results in the following developments at the regional and local level:

- an increasing number of communities in the world have been directly affected by globalization. Communities have been hit by a loss of jobs as a result of the decline of local industries due to changing patterns in the international division of labour and trade liberalization leading in some cases to the relocation of companies in labour-intensive sectors to lower-wage countries. This might create problems for local and regional adjustment and for the social systems;
- certain aspects of globalisation can erode the apparent resilience and vitality of local communities even when they are not directly affected. The increasing impact of the global media, entertainment, and tourism industry often influences and undercuts traditional cultures and values and the sense of solidarity and identity at the regional and local level. A global community needs to accommodate the multitude of local cultures and capabilities instead of brushing away its diversity by a tidal wave of homogenization;

1.5 **considers** the need of progress towards a fair globalization and expresses its commitment to taking action to strengthen the social dimension in the light of the WSDG's

report and the initial proposals made in the Commission Communication;

1.6 **is of the opinion** that the inclusion of a social dimension of globalization requires more balanced and integrated economic and social policies at all levels. In this context, special attention must be paid to the regional and local level as the area most directly affected by the globalization and regional and local bodies must be guaranteed at least some involvement, in particular through the Committee of the Regions, in the process of solving the problems caused by this phenomenon;

1.7 **notes** a difference in the use of the term 'regional level'. 'Regional' in the context of the WCSDG report means the continent whereas the use of 'regional' in the Communication with regard to ESF refers to the subnational level.

2. Involvement of local and regional level in global governance

THE COMMITTEE OF THE REGIONS

2.1 **is of the view** that the present problems produced by economic actions at a global scale are not the result of globalization as such but of deficiencies in its governance. Global governance is the apex of a web of governance, stretching from the local level upwards to multinational companies. 'Good governance' of globalization can only be the result of a positive interlink between supra-national, national as well as regional and local actors in the private and the public sector. The framework of global governance is no longer determined alone by the behaviour and rules of nation states. Besides the national level the interaction between global actors, such as the European Union, corporate governance and regional and local authorities is indispensable at this level playing field. The degree of their commitment to multilateralism, to universal values and common goals on one hand, the extent of their sensitivity to the cross-border impact of their policies, and the weight they attach to the social consequences of their actions at a global scale on the other are all vital determinants of the quality of global governance. All these actors, in managing their internal affairs, decide and influence to which extent people will benefit of globalization and be protected from its negative effects;

2.2 **underlines** that only the involvement of the regional and local level in the formation of all these 'determinants' will lead to an acceptable policy of global governance in Europe;

2.3 **stresses** that global and national developments depend on both the local and regional level. This is prerequisite and a key-issue to a fairer, more generous globalization. Decentralized approaches to policy formation and implementation are more effective at the end, because they are based on better knowledge of the real situations and constraints, are more participatory, are closer to the needs and demands of people, and they are easier to monitor. In order to strengthen this linkage between the local/regional and the global dimension, there is a need for a proactive and positive agenda focusing on local and regional government, the local and regional economic base, values and cultural heritages;

2.4 **point to the fact** that in the European Union especially the further development of the Lisbon process, the formation of the migration and gender policy, the cross-border and inter-regional policy as well as the trade policy add significantly to the European answer towards the challenges of the globalization.

3. The Lisbon Strategy in a global context

THE COMMITTEE OF THE REGIONS

3.1 **shares the view** of the Commission that the Lisbon Strategy is the basis for the EU's response to the impact of globalisation on competition, economy and labour-force in Europe;

3.2 **notes** the growing interdependence between economic decisions of global dimension, affecting the local as well as the regional level and underlines the necessity to think local in acting global;

3.3 **points** to the fact that global economic actions have to safeguard a certain standard of living at the local and regional level in all countries. People can only participate in and benefit from globalization if they are in adequate health have access to training and can benefit from this, and have real opportunities to find employment which will provide them with a basic living. Employment, an income, and a healthy environment are the essential conditions to guarantee a self-determined, human life, and to participate fully as citizens in their local, regional, national and global communities;

3.4 **stresses** the importance of education and training to balance the effects of globalization. As good practice demonstrates, all countries which have benefited from globalization have invested significantly in their education and training systems. Since the regional and local level play a major role in the educational and training system in the European countries,

adjusting these systems to the challenges of globalization is indispensable. While this task remains in the responsibility of the member-states and the subnational level, the European Union should concentrate its supportive competencies to upgrade the educational and training systems in Europe;

3.5 **underlines** that, even today, full advantage is not being taken of opportunities to develop human potential. Unequal access to education, illiteracy and low skills as well as the discrimination affecting ethnic and religious minorities need careful attention, in both high- and low-income countries;

3.6 **reiterates** its positive view of the admission of third-country nationals for the purpose of training and education, which will make Europe more competitive in this area;

3.7 **strongly underlines** the interlink between the reform of the European Cohesion Policy for the next financial framework, the implementation of the Lisbon strategy and the unanswered challenges of globalization in Europe. The EU Cohesion Policy and the three different objectives of this policy should enable the regional and local level in the Union to combine the pursue of the Lisbon strategy with a better ability to cope with effects of globalization at the same time;

3.8 **strongly demand** from the Member-States to agree in time on the outline and the financial framework for the new EU Cohesion Policy to waste no time for the necessary programming at the regional and local level;

3.9 **explicitly welcomes** the proposal in the draft Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (COM(2004) 492) that if companies benefiting from the funds cease a productive activity, with possible loss of jobs, within seven years of the financing decision, they must repay the sums received (cf. Article 56 of the draft Regulation);

3.10 **asks** the EU Commission to make sure that the reform of the EU state-aid regulations (Article 83 EC Treaty) will give regional and local authorities the possibility to foster economic development by well-targeted financial incentives;

3.11 **agrees** with the European Commission that the multi-annual internal market strategy should be more closely linked to the various economic processes. Considering the specific recommendations of the Wim Kok report, the strategy should also be geared to the single objective of making the Union the most competitive and dynamic knowledge-based economy in the world by 2010;

3.12 therefore **supports** the efforts of the European Commission mentioned in the summary report to simplify realisation of the internal market strategy in parallel with the other processes on the basis of a single, global strategy. This joint objective for 2010 should be part of the European response to globalisation;

3.13 also **sees the need** to enlarge the concept of the internal market. Over the next few years an internal market strategy must develop solutions to this end, geared to the requirements of the global market and compatible with the economic policy responsibilities and initiatives of the Member States and regional and local authorities, as well as the quality of the European social model.

4. Migration

THE COMMITTEE OF THE REGIONS

4.1 **supports** the Commission in view of further development of bi- and multi-lateral dialogues on migration;

4.2 **recalls** the importance of labour migration, significant for the regional and local level in Europe and underlines the necessity to continue urgently to develop a set of rules that will govern the EU's approach towards migration;

4.3 **stresses** the necessity to set up specific assistance programmes for migrants' countries of origin;

4.4 **calls** on the Council and the Member States to take account, in drafting EU and national immigration policies, of the need to integrate legal migrants, through non-discrimination and equal access to public services;

4.5 **considers** that the EU could contribute added value to the action taken at national level to achieve integration, predominantly through incentives and support measures rather than through harmonizing legislation;

4.6 **is of the view** that local and regional authorities should be invited to take part in the preparation of national action plans and that this would facilitate comparing and identifying best practice and analyzing the real impact and the results of strategies adopted by Member States;

4.7 **urges** the recognition of the existence of a large number of illegal migrant workers and the need to establish mechanisms to enable migrants who are in breach of immigration law to have their status legalized where appropriate without undue delay, with cases being dealt with on an individual basis, provided this is done in a way compatible with the capacity for appropriate reception and excluding those who have committed offences classified as serious. However, the

Committee of the Regions would also point out that without internal border controls, regularisation will affect the situation of other Member States in the Schengen area. A cautious approach should be adopted towards regularisation programmes;

4.8 **points out** that a major gap in the current institutional structure for the global economy is the absence of a multilateral framework for governing the cross-border movement of people;

4.9 **considers** that from the perspective of developing countries the absence of a multilateral framework for the cross-border movement of people reflects yet another gap in the rules governing the global economy. Many of them maintain that a more free migration to the industrialized world would be a swift and powerful means of increasing the benefits they receive from globalization.

5. Gender equality

THE COMMITTEE OF THE REGIONS

5.1 **points out** that there is a growing body of evidence illustrating that especially women are affected by globalization. Globalization has a negative influence on a growing number of women both absolutely as well as in relation to men. For example, women producers face formidable barriers to enter into new economic activities generated by globalization. This is often because of biased attitudes against women directly or in the micro and small enterprise sector in which they predominate, in the policy and regulatory environment. At the same time, for many other women, globalization has resulted in an improvement in their economic and social status. They include the millions of women workers absorbed into the global production system. This wage-employment gave them higher incomes than in their previous situations — either intra-family servitude or a penurious and precarious existence in the informal economy. Wage employment also gave these women greater potential economic independence and often raised their social status even within the most oppressively patriarchal societies;

5.2 **calls upon** the Member-States to give special attention to the social and legal framework governing the employment of women and support all activities at the regional and local level to improve gender policies;

5.3 **shares the view** of the Commission that gender equality is a fundamental objective of EU internal and external policies and an essential element of the internationally agreed core labour standards.

6. Crossborder, transnational and interregional cooperation, e.g. neighbourhood policy

THE COMMITTEE OF THE REGIONS

6.1 **underlines** that the future 'Territorial Cooperation'-instrument of the EU must be drafted in a way to assist the regional and local authorities in their struggle with the negative effects of globalization;

6.2 **supports** the 'European Neighbourhood Policy' as activities aiming at enhancing relations with the Eastern and Southern neighbouring countries of the Union following enlargement;

6.3 **shares the view** of the Commission that the ultimate aim of this initiative is to create an area of stability and prosperity based on shared values and common interests;

6.4 **will contribute** in assisting the partner countries in carrying out political and economic reforms while strengthening dialogue and cooperation with them in the social field;

6.5 **recalls** the need for proper adjustment assistance for those sectors and regions in the EU affected by greater integration between the EU and the Eastern and Southern neighbouring countries.

7. EU trade policies

THE COMMITTEE OF THE REGIONS

7.1 **urges** the Commission, as a partner in the WTO negotiations, to consider the following issues:

— to bear in mind that liberalisation is not a goal in itself but a means to increased prosperity. Accordingly, liberalisation is not one-dimensional, but is to be developed with due regard to the whole social, economic and environmental consequences, especially for the regional and local level, the area directly affected;

— to consider the principles of regional and local self-government in the WTO negotiations, in accordance with the provisions of Article 6 of the EU Treaty and the Constitutional Treaty;

7.2 **welcomes** the Commission's efforts to improve transparency of international trade negotiations and include interest groups from all relevant service sectors. However, it considers that regional and local authorities are to be distinguished from civil society, as they are democratically legitimated and as they regulate the public service sector as part of their remit within the democratic process.

Brussels, 23 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Resolution of the Committee of the Regions on the 'European Commission's work programme and the Committee of the Regions' priorities for 2005'

(2005/C 164/12)

THE COMMITTEE OF THE REGIONS,

HAVING REGARD TO the Commission's work programme for 2005 (COM(2005) 15 final);

HAVING REGARD TO the Strategic Objectives 2005-2009 (COMC2005) 12 final);

HAVING REGARD TO the operational programme of the Luxembourg and UK presidencies for 2005;

HAVING REGARD TO the priorities of the Luxembourg presidency;

HAVING REGARD TO the 2004-2006 multi-annual strategic programme of the six presidencies;

HAVING REGARD TO the protocol on the arrangements for cooperation between the European Commission and the Committee of the Regions (DI CdR 81/2001 rev. 2);

HAVING REGARD TO the resolution of the Committee of the Regions on revitalising the Lisbon Strategy (CdR 518/2004);

HAVING REGARD TO the European Parliament resolution of 23 February 2005 on the Commission's strategic guidelines/Legislative and work programme for 2005;

WHEREAS the European Commission has committed itself to promoting new forms of governance;

WHEREAS regional and local governments are the authorities responsible for implementing an important part of EU policies;

WHEREAS regional and local governments help to define the EU's priorities, which greatly enhances the democratic legitimacy of EU policies;

adopted the following resolution at its 58th plenary session of 23 and 24 February 2005 (meeting of 24 February):

THE COMMITTEE OF THE REGIONS

3. **stresses** its commitment alongside the European Commission to assess jointly the results of the implementation of the cooperation protocol in force since 2001 and to begin work as of now to prepare a new cooperation protocol between the two institutions;

General observations

1. **considers** that the priorities of the Committee of the Regions are identical with those of the Commission, in particular regarding the contribution to the campaign for the ratification of the Constitutional Treaty; the strengthening of economic, social and territorial cohesion; commitment to the Lisbon Strategy for growth and employment, solidarity and sustainable development; the strengthening of the area of freedom, security and justice; and commitment to enlargement of the Union and the European neighbourhood policy, which must involve the active participation of regional and local governments;

2. **underlines** the role and the place of regions and cities in the enlarged European Union and **asks** that European policy, beyond the promotion of Economic, Social and Monetary Union, concentrate today more than ever on the accomplishment of a real political Union based on the support of its citizens and on the European Constitution signed on 29 October 2004 in Rome;

4. **calls upon** the European Commission from now on to be mindful of the spirit and the letter of the Constitutional Treaty in the preparation of Community legislation, for example regarding the application of subsidiarity and proportionality principles, and to formalise these in the new cooperation protocol;

5. **shares** the Commission's view that it is unrealistic to argue for more Europe with less money; the new areas of Community policy require additional resources commensurate with publicly stated aims;

6. **stresses** the importance of promoting cultural diversity in the European Union; **looks forward** to actively pursuing its priorities to respect and promote cultural and linguistic diversity as a source of wealth to be preserved;

Ratification of the Constitutional Treaty

7. **considers** that the ratification of the Constitutional Treaty is a vital stage in the political integration process as part of European integration, **has committed itself** to this process, therefore, by joining in the Thousand Debates for Europe initiative and **invites** local and regional governments to become even more involved in the information and awareness campaign on the European Constitution;

8. **considers** it necessary to better inform citizens about European integration and the European Constitution and therefore **invites** the European Commission to re-invigorate this campaign;

9. **recalls** the vital role of the local and regional press in the necessary network of information and communication to promote and explain Community action and the Union's values, and in consequence **invites** the European Commission to involve the Committee of the Regions in the new communication strategy;

European Governance

10. **welcomes** the priority strategic objective that the European Commission has set itself concerning the 'Better lawmaking' action and the inter-institutional cooperation initiated on the issue; **regrets**, however, that the local and regional dimension has not been adequately recognised in this initiative and **urges** the presidencies of the Council, the European Parliament and the Commission to involve it more closely; also **regrets** that the European Commission in its annual planning document does not consider the added value provided by a preventive consultation of local and regional governments regarding respect of subsidiarity;

11. **requests** an explicit involvement of its representatives in the minimum consultation procedures, as is the case for civil society;

12. **welcomes** the introduction of a new method of impact analysis for all the European Commission's major initiatives, but **notes** that it does not take sufficient account of the impact on regional and local governments;

13. **calls upon** the European Commission to renew the signing of tripartite conventions and contracts and to extend the use of this instrument to other Community policies;

Re-invigoration of the Lisbon strategy

14. **welcomes** and **shares** the focus on delivery in the proposals for the revision of the Lisbon strategy, as stated in the CoR resolution on the renewal of the Lisbon Strategy. It perceives the Mid-Term Review as a crucial moment in time,

not only for the strategic direction of the policies concerned but also for the future of the multi-level governance needed in the view of the challenges the European Union is facing. The costs of not achieving the objectives set out with this strategy will also be driven by a missing involvement of regional and local actors in agenda-setting and implementation;

15. **considers** that the success of the Lisbon Strategy depends on the political involvement of local and regional actors in shaping and implementing it; **regrets**, however, that regional and local governments, as well as the Committee of the Regions, are not included in the Lisbon Strategy's new approach to governance; **insists** on the integration of the local and regional dimension not only into the national action plans but also when deliberating the new approach to governance; **invites** the Commission, therefore, to take account of the regional dimension in the conception and implementation of the Strategy at Union level and at the level of Member States;

16. **welcomes** the idea of a Partnership for Growth and jobs and the central underlying concepts of focusing Europe's actions, mobilising support for change and simplifying reporting. It cautions, however, against basing the Lisbon action plan exclusively on actions at Member State and at European level and losing a balanced approach between the economic goals, sustainable development and the modernisation and advancement of Europe's social model; furthermore **considers** that the new social agenda must be an integral part of the Lisbon Strategy's social pillar;

Knowledge-based society

17. **welcomes** the announcement of the European Commission concerning the EU Framework Programme for research, technological development and demonstration activities for the period 2007-2013 (FP7) and the Framework Programme for Competitiveness and Innovation to reinforce the momentum towards the realisation of a knowledge-based society. The Committee of the Regions **stresses** the need of a regional chapter in FP 7 to stimulate regional initiatives that contribute to the European Research Area. It furthermore underlines the necessity to provide for a mechanism to enable all regions to benefit from increased investment in research and innovation by interactive 'learning';

18. **supports** the view of the European Commission that achieving the EU's goals for lifelong learning is essential for creating a knowledge economy in the EU, and **stresses** that lifelong learning should be viewed both in terms of competitiveness and developing people's capacity to take part in economic life and in terms of promoting people's personal development through education and training and their capacity to take part in social and civic life;

19. **aims to contribute** actively to the framing of the new initiative to continue the eEurope agenda, i2010, which will promote a borderless European information space and stimulate innovation through investment in research, the development and deployment in ICT. It **underlines** in particular the need to ensure that all groups of society benefit from new Technologies, not only in terms of economic growth, but also in terms of participation, transparency and accessibility;

20. **looks forward** to the updating of the regulations in the audiovisual sector, more specifically of the Directive 'Television without Frontiers'. The audiovisual media is not only a cultural industry or primary importance but also central to the development of European social values, the growth of regional and local cultural identity and the functioning of democratic societies;

Territorial cohesion

21. **reiterates** its conviction that the reference criterion for the European Union's work programme in 2005 must remain the strengthening of economic, social and territorial cohesion in order to promote a harmonious development of the Community as a whole and a narrowing of the gaps, further increased by the last enlargement, between the levels of development of various regions and the lagging behind of the most disadvantaged regions;

22. **commits itself** to supporting the attainment of this priority through an extensive examination of the cohesion policy reform aimed at achieving a greater consistency between Community sectoral policies with a substantial territorial impact and the cohesion objective;

23. **recalls** the indissoluble link that exists between an effective regional policy at European level and the implementation of the Lisbon agenda. The prosecution of the EU regional policy, which involves all the regions, will encourage future growth and competitiveness in all the regions of Europe; the Union's competitiveness depends on the competitiveness of each of its regions;

24. **worries** for the future of regional state aids especially in connection with cohesion policy and **stresses** the risk that the Competitiveness Objective is relativised or neglected only in order to find a minimalist compromise during the negotiations of the financial perspectives; **requests** to avoid any inconsistency between the Convergence Objective and regional state aids granted to less developed regions; consequently **calls upon** the European Commission to add to the rules; on state aids a scheme differentiating between regions, so that public investments can be targeted to correct actual market malfunctions and thus achieve the goal of territorial cohesion;

25. **stresses** the importance of solidarity for the success and the full application of the subsidiarity and proportionality principles. To ensure that the transfer of tasks and responsibilities from Europe to the regions or from the state to the regions is fair and effective, it should be accompanied by a transfer of resources and a transfer of powers: 'vertical' solidarity between the centre and the peripheries, but also a horizontal solidarity between stronger (richer, better performing, more able) regions and weaker regions;

26. **reiterates** its conviction that the development of transport infrastructures is a vital agent in European integration: by facilitating trade (a source of economic growth), by contributing to territorial cohesion and by building a Europe of 'proximity'. Re-adjusting the balance of transport modes is an indispensable prerequisite for the sustainable development of trans-European networks, with a particular stress on the regulation of the maritime, rail and air sectors;

Sustainable development

27. **calls on** the Commission to recognise the role of local and regional government when drawing up the seven thematic strategies emanating from the sixth environmental action programme and **encourages** the European Commission to examine the merits of greater use of urban development agreements or tripartite agreements as in the case of the thematic strategy on the urban environment, to complement current legislation;

28. **welcomes** the entry into force of the Kyoto Protocol and **calls upon** local and regional authorities to fully support the achievement of the targets set out in the protocol;

29. **endorses** the Commission's strategic approach to rural development and **underlines** that the added value of a European strategy must be clearly identified and that it should be up to the Member States, the regions and local authorities to flesh out the implications of this framework in respect of rural areas and rural development policy;

30. **advocates** that the proposal for a Solidarity and Rapid Reaction Instrument follows a holistic approach covering all aspects of civil disaster protection, such as preventive measures, rescue services and follow-up measures and that it provides the means to facilitate integration and coordination of highly specialised forces from different Member States and regions;

31. **welcomes** initiatives to support sustainable development and **stresses** in particular that Community actions and funding for improving the environment should have knock-on effects at the national, regional and local levels;

32. **encourages** the EU to champion a sustainable model of food production and distribution which takes account of environmental resources, the preservation of biodiversity and the quality of products and means of production;

33. **welcomes** the recognition by the European Commission of the need to propose a horizontal, integrated approach to European Union maritime policy;

Area of Freedom, Security and Justice

34. **welcomes** the European Union's proclaimed intention to consolidate the Area of Freedom, Security and Justice, for example by applying the Community method, and therefore **endorses** the strategic objective of security for the citizens set by the European Commission;

35. **supports** the overall aims of the Hague Programme on strengthening freedom, security and justice in the EU, profoundly **regrets** the lack of any mention of the involvement of the European Union's local and regional governments in the implementation of the policies concerned and **urges** the European Commission to bear in mind this institutional, political and operational reality in the various action plans which will be drafted over the next few months;

36. **renews** its recommendation to use structural funds to sustain and develop instruments implementing the Area of Freedom, Security and Justice and **invites** the European Commission to put into practice the spirit of the Third Cohesion Report;

37. **welcomes** the enhanced focus on stepping up the fight against terrorism, whilst always bearing in mind that it should not translate in practice into a violation of civic liberties, and **calls for** the envisaged reinforcement of networks and capabilities to include local and regional authorities;

38. **calls upon** the European Commission to consider the CoR's proposal on the new Community action plan to promote an active European citizenship;

The European Union enlargement process

39. **recalls** its commitment to the enlargement process, particularly to ensuring intercultural political dialogue between the representatives of local and regional governments of the Member States and the accession and pre-accession states;

40. **calls upon** the European Commission to more actively promote democratic devolution in the enlargement process and the pre-accession policy, **recommends**, in this regard, increasing pre-accession aid to bolster administrative capacity

at the local and regional levels, and **encourages** to this end an exchange of Best Practice experiences and twinning with local authorities;

41. **considers it appropriate** to give greater prominence to the contribution of local and regional democracy in the democratic consolidation process in the western Balkans, for which the protection of ethnic minorities is a precondition;

42. **regrets** that the establishment of a Joint Mixed Committee Croatia-Committee of the Regions is not envisaged in the Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Croatia and **asks** the European Commission to propose an operational solution as soon as possible;

Neighbourhood policy

43. **endorses** the European Commission's commitment to the neighbourhood policy and **fully shares** its analysis of its challenge for the security, stability and prosperity of the European continent;

44. **calls upon** the European Commission to take account of the contribution of cross-border and interregional cooperation both in the provisions of the new neighbourhood instrument and in the action plans, and **asks** to be involved in the drafting, implementation and evaluation of this new policy;

45. **calls upon** the EUROMED conference, on the tenth anniversary of the Barcelona Declaration, to grant local and regional assemblies a more active involvement in the Euro-Mediterranean partnership and **recalls** its proposal to create a body which would represent the devolved sub-state assemblies of the Member States and the partner countries in the Mediterranean basin;

46. **stresses** the strategic importance of a partnership with Russia and the opportunity to examine the possibilities for cross-border cooperation at local and regional level with the autonomous region of Kaliningrad;

47. **considers** that the democratic processes initiated in some neighbouring countries, such as the Ukraine and Georgia recently, should be supported by the European Union and **stresses** the importance of an economic, administrative and cultural cooperation to which the union's regional and local governments could make their contribution;

48. **instructs** its president to submit this resolution to the European Commission, the European Parliament, the Council, and the Luxembourg and United Kingdom presidencies.

Brussels, 24 February 2005.

The President
of the Committee of the Regions
Peter STRAUB

Resolution of the Committee of the Regions on revitalising the Lisbon strategy

(2005/C 164/13)

THE COMMITTEE OF THE REGIONS,

HAVING REGARD TO the Report from the High Level Group chaired by Wim Kok on *Facing the Challenge. The Lisbon Strategy for growth and employment* (November 2004);

HAVING REGARD TO the Communication from the Commission on the *Strategic Objectives 2005 — 2009 — Europe 2010: A Partnership for European Renewal — Prosperity, Solidarity and Security* ⁽¹⁾;

HAVING REGARD TO the Communication from the Commission on the *Commission Work Programme for 2005* ⁽²⁾;

HAVING REGARD TO the Communication from the Commission to the Spring European Council 2005, *Working together for growth and jobs: A new start for the Lisbon Strategy* ⁽³⁾;

HAVING REGARD TO its opinion of 29 September 2004 on the *Mid-term review of the Lisbon Strategy* (CdR 152/2004);

HAVING REGARD TO its opinion of 18 November 2004 on *Science and Technology: the key to Europe's future — Guidelines for future European policy to support research* (CdR 194/2004);

HAVING REGARD TO its opinion of 23 February 2005 on the Communication from the Commission to the Council and the European Parliament entitled *Building our Common Future: Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013* (CdR 162/2004);

HAVING REGARD TO its opinion of 23 February 2005 on the Proposal for a decision of the European Parliament and of the Council establishing *an integrated action programme in the field of lifelong learning* (CdR 258/2004);

HAVING REGARD TO its opinion of 23 February 2005 on the *Social Dimension of Globalisation* (CdR 328/2004);

WHEREAS local and regional authorities are responsible for implementing a large proportion of EU policies;

WHEREAS local and regional authority involvement in establishing the EU's priorities will greatly enhance the democratic legitimacy of EU policies;

adopted the following resolution at its 58th plenary session of 23 and 24 February 2005 (meeting of 24 February).

The objectives of the Lisbon Strategy

1. **reiterates** its support for the Lisbon Strategy, its implementation being the European Union's priority political strategy until 2010;

2. **welcomes** the emphasis on the Lisbon Strategy in the European Commission's priorities for the five-year period 2005-2009;

3. **recalls** that the implementation of the Lisbon objectives ⁽⁴⁾ calls for an overall strategy involving Member States,

aimed at economic growth and job creation by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market; modernising the European social model, investing in people and combating social exclusion; sustaining a healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix; by promoting a knowledge-based economy by applying policies that are better adapted to the information society and R&D; and by strengthening regional cohesion in the European Union ⁽⁵⁾;

4. **underlines** that proposals in this field cannot be successful without an active and strategic effort for promoting rights and equality for men and women in all sectors of their life;

⁽¹⁾ COM(2005) 12, 26.1.2005

⁽²⁾ COM(2005) 15, 26.1.2005

⁽³⁾ COM(2005) 24, 2.2.2005

⁽⁴⁾ According to the conclusions of the European Lisbon Council of 23 and 24 March, point 5

⁽⁵⁾ Point 6 of the conclusions

Achieving the Lisbon Strategy objectives, a credible cohesion policy and an appropriate financial framework for these aspirations: three inseparable elements

5. **welcomes** the Commission's commitment to proposing objectives and instruments for a future cohesion policy that ensures consistency with the Lisbon Strategy but **remains convinced** that this commitment cannot translate into fact unless the European Union has adequate resources;

6. **notes** the European Commission's appeal to European local and regional authorities to participate, within the framework of Structural Fund policy, in designing projects that bring the latter in step with the Lisbon Strategy ⁽¹⁾;

7. **believes** that Community structural policies are prime examples of the added value of European policy. EU investment in research and development, cross-border trade, and infrastructure projects is in line with the partnership approach outlined in the Lisbon Strategy, which aims to strengthen growth, convergence, competitiveness, and sustainable development;

8. **calls upon the** European institutions to focus on applying existing decisions effectively and to avoid adopting new processes or defining new objectives. The Lisbon Strategy should not serve as indiscriminate justification for all new Community legislative proposals insofar as it does not obviate the need for a legal basis under the Treaties or for compliance with rules of good governance;

Implementing the Lisbon Strategy: towards more consistent and democratic economic and social governance

9. **regrets** that the Commission's approach focuses on an exclusive relationship between the central authorities and the Member States, and that local and regional authorities cannot participate through direct levels of communication at the European level. The implementation and delivery of the National Action Plans is left almost exclusively to the Member States. Given that the absence of a genuinely decentralised approach is one of the reasons why the Lisbon agenda is behind schedule, the CoR **reiterates** its call for an intensified, more decentralised implementation of the Lisbon Strategy, as stipulated in the conclusions of the Lisbon European Council: 'A fully decentralised approach will be applied in line with the principle of subsidiarity in which the Union, the Member States, the regional and local levels, as well as the social partners and civil society, will be actively involved, using variable forms of partnership' ⁽²⁾;

10. **considers** that the structural reforms and the completion of the Single Market, which are essential to achieving the

Lisbon objectives, should not be implemented to the detriment of social cohesion, and should therefore be backed by substantial investment in the economic, social and educational sectors;

11. **stresses** that the objectives of the Lisbon Strategy are only achievable if the measures put in place enable a maximum level of participation by Europe's citizens in Europe's economy; and **recommends** that the overarching policy principle in every economic policy should be the promotion of active citizen participation in the economy and the removal of barriers which hamper it;

12. **recalls** that modernising the European social model by investing in people and combating social exclusion is at the heart of implementing the Lisbon Strategy. The Committee of the Regions is concerned therefore that there is no reference in the Commission communication to action to combat social exclusion;

13. **believes** that the debate on the future of the social agenda should be conducted within the context of the debate for revitalising the Lisbon Strategy, with national action focusing on job creation, combating the disproportionate employment obstacles faced by women, older workers, the unskilled, and immigrants. Moreover, in order to achieve more and better jobs, further progress needs to be made towards the completion of a truly mobile European labour market;

14. **recommends** that environmental concerns be mainstreamed throughout all policies;

15. **reaffirms** its conviction that equal attention should be paid to the three pillars of the Lisbon Strategy, i.e. the economic, social and environmental pillars — thereby ensuring that quality of life remains the central concern;

16. **stresses** the fundamental role of entrepreneurship and innovation; **calls for** less bureaucracy in order to encourage entrepreneurship, and for information campaigns to support the image of entrepreneurs, tackle the stigma of failure, and foster the European entrepreneurial spirit;

17. **considers** that the Lisbon Strategy's main weakness lies in its implementation, in particular by Member States. In order to remedy the situation, the Lisbon process should be more targeted, transparent, and democratic. The Committee of the Regions therefore supports the recommendation ⁽³⁾ to launch a European-wide information campaign explaining to European citizens the Lisbon agenda and the impact it has on their daily lives;

⁽¹⁾ COM(2005) 24(EN), page 10

⁽²⁾ Point 38 of the conclusions

⁽³⁾ Report of the High Level Group on the future of social policy in an enlarged European Union

18. should the Council take up the Commission's proposal to appoint a 'Ms' or 'Mr Lisbon' at national level without creating new administrative structures, the CoR **calls upon** the latter to cooperate closely with regional and local authorities;

19. **regrets** that the Commission does not foresee comparative evaluation and ranking lists, making the evaluation and comparability of the reform efforts in the Member States more difficult. The establishment of ranking lists and the analysis of existing strengths and weaknesses at national — and if necessary, also regional — level would improve competition and increase pressure to achieve considerable improvements in the implementation of reforms;

20. **welcomes** the Commission's proposal to replace the existing plethora of annual reports with a single Annual Strategic Report; **calls upon** the Member States to include local and regional authorities in the elaboration of their respective national plans in order to take into account local and regional specificities and priorities when implementing the Lisbon Strategy;

21. **regrets** the fact that the Commission strategy has not managed to involve the local and regional authorities, and that cooperation on this front has remained essentially intergovernmental; **calls** therefore **for** a Commission proposal to reform the open method of coordination in such a way as to involve local and regional authorities. The Committee of the Regions also **calls upon** the Commission, in compliance with the spirit of the White Paper on good governance, to consult the Committee of the Regions before delivering the opinions foreseen under this article;

22. **recalls** that in its initiative on *Better Lawmaking*, the Commission committed itself to developing an impact analysis mechanism for legislative proposals not only in socio-economic and environmental terms but also to append a subsidiarity impact analysis to each proposal. The Committee of the Regions awaits these developments with the utmost interest;

Synchronising the Lisbon Strategy and the Stability and Growth Pact

23. **maintains** that the EU will not achieve the level of growth, employment and social cohesion that it requires unless the macro-economic framework in the Member States is also in step with the Lisbon Strategy, and unless the compatibility of economic instruments is improved;

24. **shares** the objective that, in compliance with the provisions of the EC Treaty ⁽¹⁾, the Stability and Growth Pact (SGP)

should take better account of the long-term consequences of the economic cycle and the viability of budgetary situations; **considers** that the 'overall assessment' mentioned in Article 104(6) TEC should be made more specific, by taking into account the long-term impact of investments by public authorities in the course of implementing the Lisbon Strategy and **suggests** revising the Stability and Growth Pact making it more flexible and taking account of EU Member States' different economic realities. This should be done without detriment to the discipline of the Pact's criteria, and without exempting certain types of spending from the calculation of budgetary deficit;

25. **approves** of the European Commission's proposal to increase the amount of financial resources allocated to developing trans-European networks, whilst specifically prioritising transnational projects that promote intermodality and the use of sustainable means of transport since this will help tackle increasing traffic and trade flows;

The contribution of services of general interest to revitalising the Lisbon Strategy

26. **welcomes** the fact that the Commission has recognised the concerns, expressed inter alia by the Committee of the Regions ⁽²⁾, over the application of the country of origin principle mentioned in its proposal for a directive on services ⁽³⁾;

27. **regrets** that the Commission does not mention any specific follow-up for the White Paper on services of general interest ⁽⁴⁾;

28. **considers it necessary** to focus State aid on horizontal objectives of Community interest, including employment, regional development, the environment, training and research, in particular by promoting innovative small and medium-sized enterprises. Instead of pursuing the objective of a quantitative reduction in State aid, the EU should focus on better state aid with regard to long-term high-quality delivery of services;

29. **supports** setting up impact analysis mechanisms to improve the assessment of state aid that has a moderate effect on competition and trade at EU level but which is nevertheless liable to address real market failures, contribute to development in lagging regions and promote the entrepreneurial spirit. Finally, the Committee of the Regions **urges** the Commission to pursue its efforts towards providing local and regional authorities with greater legal certainty and transparency in financing and managing services of general interest;

⁽¹⁾ Article 104(6) TEC and the Protocol on the excessive debt procedure

⁽²⁾ CdR 154/2004 final

⁽³⁾ COM(2005) 24, p. 17

⁽⁴⁾ COM (2005) 24, p. 17

Towards a European learning area

30. **supports** the Commission's call for Innovation Poles at regional and local levels that will establish a network for innovative small and medium-sized enterprises, universities and appropriate financial and commercial structures;

31. **endorses** the proposal to launch a knowledge pact renewing the EU's and the Member States' joint commitment to developing research, innovation and education. The aim of the pact is to re-group the various programmes relating to learning and to draw up a limited set of quantifiable objectives involving all knowledge policy operators in Europe. The Committee of the Regions **proposes** that in future the Member States spend 3 % of their GDP on research and **urges** all spheres of government to introduce measures that encourage students to embark upon a research career;

32. **stresses** the particularly important role of local and regional authorities in making the integrated concept of education and lifelong learning a reality, aiming at a knowledge society. Innovative work ethics as well as learning foreign languages, which is essential to promoting mobility, are fundamental elements of that concept;

33. **makes it clear** that tax diversity is an important element of the Lisbon Strategy and **calls on** the Member States

to create competitive tax benefits in order to increase private sector investment, not least in research;

34. **supports** the launch of a European Youth Pact that focuses on unemployment issues and social and occupational integration;

35. **calls** for the launch of a European programme on ageing with a view to using the knowledge and expertise of ageing Europe;

The Lisbon Strategy in a global context

36. **believes** that the Lisbon Strategy will not succeed unless the European Union argues in international fora for globalisation to be governed by more effective and equitable rules in terms of competition, social rights, the environment and intellectual property;

37. **believes** that immigration from third countries can represent an opportunity for injecting more dynamism and ideas into the European economy, and **acknowledges** the Commission's commitment to proposing a better developed approach to legal migration;

38. **instructs** its president to submit this resolution to the European Commission, the European Parliament, the Council, and the Luxembourg and United Kingdom presidencies.

Brussels, 24 February 2005

The President
of the Committee of the Regions
Peter STRAUB
