

Role of cohesion policy in the outermost regions of the European Union in the context of EU 2020

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The Committee on Regional Development adopted the report drafted by Nuno TEIXEIRA (PPE, PT) on the role of Cohesion Policy in the outermost regions of the European Union in the context of EU 2020.

Members recall that the Cohesion Policy should be aligned with, and incorporate the features of, the Europe 2020 Strategy, which is aimed at organising policy initiatives around smart, sustainable and inclusive growth, promoting an economy with a high level of employment that is socially and territorially cohesive, and should take due account of the situation of the outermost regions (ORs).

Differentiated and holistic treatment for the outermost regions: the report stresses that, under the terms of the TFEU, the ORs are entitled to differentiated and holistic treatment, enabling them to benefit from the maximum level of support, irrespective of their level of development, so that their specific features are sufficiently considered and protected.

The committee supports the advisability of ORs pursuing the main objectives defined in the Europe 2020 strategy, but emphasises the need to modulate these in accordance with their own situations, taking into account their regional diversity, their structural conditions and the potential benefits.

Members believe that some **flexibility** needs to be shown for the ORs as regards concentration on the three main thematic objectives laid down in the new proposals for regulations from 2014. They consider that **other criteria should be used to determine the eligibility of ORs** for the allocation of structural funds and calls for the implementation of a specific criterion whereby ORs are classified among the least developed regions regardless of their GDP. They stress, moreover, that the co-financing rates in respect of the ORs should be 85 % for all instruments providing aid for those regions.

The report welcomes the Commission's plan to include a budget line for 'Outermost regions and regions with a very low population density' in MFF 2014-2020, as this will create a clearer link between the funds allocated for those regions and their objectives.

Members deplore, however, the proposal, within the additional ERDF funding, to **reduce drastically the amounts to be allocated to the ORs** and regions with a low population density for the financial period from 2014 to 2020 and are concerned that this allocation, initially designed to compensate for the effects of the structural disadvantages of the outermost regions and regions with a low population density, has been reduced to 50 % by earmarking for different objectives. They draw attention to the fact that in the **proposal for a Regulation on the next ESF, the situation of ORs will not be referred to**, considering not only the structural characteristics but also their specific economic situation which puts them among the regions with the highest unemployment rates in the EU.

The report emphasises that **European taxation and customs policies should be adjusted** in order to enhance the competitiveness of the outermost regions' economies and that the existence of appropriate tax and customs frameworks is of paramount importance to the diversification of economic activity and the creation of sustainable jobs in the ORs. It also calls for the possibility of developing a specific framework on state aid to ORs to be examined, and favours retaining the current levels of aid for investment in large, medium and small enterprises and the possibility of granting operational aid which is not degressive or limited in time, within a flexible regulatory framework.

A specific framework for European policies in the outermost regions: the committee advocates the need for prior assessment of the impact of European regulation projects on the economies of the Outermost Regions.

It regrets that the proposal for the reform of the Common Fisheries Policy does not take sufficient account of the situation of the ORs. It draws attention to the **marine dimension** of the ORs and the importance of the fishing sector in regional development policy and jobs for local populations.

Members highlight the need to **maintain measures for the sustainable management** and protection of marine resources and call for an increase in the compensation for additional costs in the POSEI fisheries programme. They draw attention to the importance of the tourism sector and call on the Commission to speed up the implementation of the European Action Plan.

The report argues for the **creation of technological infrastructures and Europe-wide innovation hubs**, the development of projects and partnerships with Scientific and Technological System organisations and the exchange of ideas and good practices through European innovation support networks and smart specialisation such as the S3 platform, and long-term investments in the ORs, in the framework of Cohesion Funding and to ensure active participation in the flagship projects of the EU 2020 strategy.

Members emphasise the need to facilitate synergy between Cohesion Policy funds and the Framework Programme for Research and Development in order to increase the development of the outermost regions and curb the under-utilisation of research funds. They note that a single European transport area should contribute towards ensuring the inclusive growth of the ORs, reduce their access gap and combat climate change.

Pointing out that the ORs' dependence on imported fossil fuels results in substantial additional costs, the report proposes **strengthening the renewable energy sector and energy efficiency** through initiatives such as the 'Pact of Islands', aimed at developing local action plans for renewable energy and projects suitable for financing, in order to achieve a reduction in CO2 emissions of at least 20 % by 2020.

Members stress the need to **improve access to funding for businesses in ORs** in particular by setting up a dialogue with the EIB Group and by supporting the creation of local investment funds in each OR, as well as the development of regional capital investment markets.

Better governance and integration of the outermost regions in the EU and in their geographical environments: the report advocates **greater involvement** of the regional authorities of the ORs in preparing and implementing European programmes and policies, respecting the principles of flexibility, adaptability and modulation, within a framework of subsidiarity and a multi-level and partnership-based form of governance, in partnership with the private sector and civil society, in order to ensure that their specific needs are taken into account at all levels of the decision-making process and to ensure greater visibility of these regions in the EU institutions.

Members stress the importance of regional cooperation for ORs and of the continuation of territorial cooperation programmes in the ORs.

In this context, they advocate more relaxed regulations aimed at using more effectively the available funding and completing cooperation projects as well as raising the ERDF co-financing rates to 85 %, giving greater priority to transnational cooperation and removing, in the case of the ORs, the 150km criterion for sea borders in cross-border cooperation.