

# Strengthening economic, social and territorial cohesion in the European Union: 7th report of the European Commission

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The Committee on Regional Development adopted the own-initiative report by Marc JOULAUD (EPP, FR) on strengthening economic, social and territorial cohesion in the European Union: the 7th report of the European Commission.

The 7th Cohesion Report shows that regional disparities are narrowing again, but that the picture is highly uneven, whether measured by GDP per head, employment or other indicators, and that certain disparities persist, or are shifting or growing, between and within regions and Member States, including inside the euro area. It also contains worrying information about unemployment rates, including youth unemployment rates, which in many regions have not reverted to the levels seen before the crisis, and about competitiveness, poverty and social inclusion.

**The added value of cohesion policy:** Members considered it crucial that **cohesion policy in the new programming period** should continue to **adequately cover all European regions** and remain the European Union's main public investment instrument based on long-term strategy and perspectives, with a budget commensurate with existing and new challenges, and ensuring the fulfilment of the basic goals of the policy. Cohesion policy provides European added value by contributing to European public goods and priorities (such as growth, social inclusion, innovation and environmental protection), as well as to public and private investment, and that it is a fundamental tool for achieving the Treaty objective of combating disparities with a view to the upward adaptation of living standards and reducing the backwardness of the least favoured regions.

Members stressed that the added value of this policy stems primarily from its ability to take into account national development needs along with the needs and specificities of different regions and territories, and to bring the Union closer to its citizens.

**The 'middle-income regions':** the report noted that the 'middle-income regions' have not grown at the same rate as either the low-income regions (which still need to catch up with the rest of the EU) and the regions with very high income, as they face the challenge referred to as the 'middle-income trap', because of their excessively high costs in comparison with the former and excessively weak innovation systems in comparison with the latter. Members are convinced that a major challenge for future cohesion policy will be to provide **appropriate support to the middle-income regions**.

**Fields of action:** Member stressed that employment (including youth unemployment), social inclusion, fighting poverty, supporting innovation, digitalisation, support for SMEs and start-ups, climate change, the circular economy and infrastructure should constitute **priority areas for cohesion policy in future**. They also noted that a **specific post-2020 financing mechanism** must be created under Article 349 TFEU to integrate migrants in the outermost regions, which have to cope with greater migratory pressure owing to their specific characteristics, and thus contribute to their sustainable development.

**A simplified cohesion policy:** the Commission is called on to take account of the recommendations of the High Level Group on Simplification in its future legislative proposals. Members stressed the need to provide a framework which guarantees legal stability through simple, clear and predictable rules, particularly as regards management and auditing, in order to ensure a proper balance between

performance and simplification objectives. Members called for a reduction in the volume of legislation and guidelines.

**Challenges and prospects:** Members are extremely concerned at the scenarios recently presented by the Commission, concerning the cuts to the cohesion policy budget that might be made under the next MFF and which would exclude many regions from the scope of cohesion policy. They wish to see an **ambitious budget** commensurate with the challenges facing the regions. They considered that cohesion policy can help to meet new challenges, such as security or the integration of refugees under international protection. However, the report stressed that cohesion policy cannot be the solution to all crises, and opposes the use of cohesion policy funds to cover short-term financing needs outside the policy's scope.

Lastly, Members noted that some European regions are particularly exposed to the impact of **Brexit**. They stressed that the future cohesion policy must minimise the negative impact of Brexit on other European regions, and called for detailed consideration to be given to the possibility of continuing partnerships in the context of territorial cooperation.