

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

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The European Parliament adopted by 506 votes to 71, with 45 abstentions, a resolution 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.

Added value of cohesion policy: Parliament stressed that 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. European added value is strongly reflected in European territorial cooperation (ETC).

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.

A concentration of cohesion policy exclusively on the least developed regions would hinder progress on the political priorities of the Union as a whole. They reiterated their commitment to shared management and the partnership principle, which should be preserved and strengthened for the post-2020 period, as well as to multi-level governance.

Territorial dimension: Parliament stressed the importance of supporting **rural territories** by encouraging investment in projects that support the local economy and accompany these regions in the difficulties they face, such as rural desertification, social inclusion, lack of professional opportunities, the destruction of town centres or areas without healthcare. It called for certain territorial characteristics, such as those of island, mountain, rural, border, northern, coastal or peripheral regions, to be better taken into account when defining investment priorities.

The introduction of integrated strategies for sustainable urban development would also merit further development and replication in other sub-regional territories.

The 'middle-income regions': Members 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: Parliament 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**. It 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: Parliament 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. It suggested a simplified procedure for the targeted modification of operational programmes during programming (e.g. in the case of natural disasters).

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, Parliament 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. It also called for every effort to be made to avoid delays in programming for the next period in order to **prevent late payments**.

Some European regions are particularly exposed to the impact of Brexit. Parliament 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.