Reshaping the future framework of EU structural funds to support regions particularly affected by challenges related to the automotive, green and digital transitions

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The European Parliament adopted by 548 votes to 33, with 18 abstentions, a resolution on reshaping the future framework of EU structural funds to support regions particularly affected by challenges related to the automotive, green and digital transitions.

Parliament reaffirmed that cohesion policy should neither compensate for budgetary inflexibility nor suffer cuts due to crises, and that, as a long-term investment strategy, it should equip regions to address and co-create industrial, technological, ecological, energy, digital, social and demographic transitions.

Reshaping the future framework of EU structural and investment funds

Members acknowledged that the **green and digital transitions present significant challenges** to the objective of economic, social, and territorial cohesion and are aware of the risk of a widening of regional disparities, a deepening of social inequalities and a rising ‘geography of discontent’.

The resolution underlined the importance of paying additional attention to the territories with geographical specificities, such as rural regions, islands, the outermost regions, mountainous regions and less densely populated regions, especially those which are isolated and highly dependent on fossil fuels or specific industries that are being phased out.

Parliament recommended the **inclusion of a specific policy objective on industrial transition** within the EU cohesion policy beyond 2027. This objective should promote European strategic autonomy and address the challenging side effects of the green and digital transitions.

According to Members, the EUcohesion policy beyond 2027 should follow a **more differentiated and targeted approach** complementing the use of income-related criteria to determine the level of support with additional criteria that also take into account regions’ characteristics, the specific challenges they face concerning future growth potential, such as the youth unemployment rate, the long-term unemployment rate, poverty levels, job dependency on sectors in transition and investment in research and development, as well as depopulation, population ageing, brain drain and the existing skills gap.

Parliament called for the **extension of the Just Transition Fund** (JTF) in the programming period post-2027 and called for the funds to be endowed with additional financial means in order to support regions that are highly dependent on sectors which are undergoing a deep transformation, such as the automotive sector, considering the estimated net employment loss expected to result from the automotive transition.

Building resilient regions: cohesion policy for a greener and digitally fit future

Despite the fact that digitalisation currently still brings economic benefits to all regions, the digital transition is creating serious difficulties for less developed regions. **Significant support** is needed in order to assist regions on their path to digitalisation.

Members considered that, in this context, that public-private partnerships are one possible way to support the development of critical skills and improvements to job prospects and the adaptability of labour markets.

Concerning the transport sector's shift to decarbonised solutions, Parliament believed that it is necessary to **set up specific instruments** to support the value chain in the context of the ecological transition for vehicles and, more specifically, the sectors of semiconductors, batteries and components that are necessary for electric motors, autonomous driving, digitalisation and connectivity.

A just transition for the automotive regions

According to Members, the decarbonisation of road transport, which requires the transformation of the whole value chain of the automotive industry with the phasing out of the combustion engine by 2035, must follow a **well-planned strategy of 'mobility transition'** and this strategy must implement the necessary changes across the entire value chain, including in production processes, in order to avoid relocating production outside the EU.

This strategy should ensure a **smooth and socially acceptable transition** for the workers and companies affected, especially those in less developed regions and regions facing demographic or territorial challenges. It should also include a detailed plan for **reskilling and upskilling workers**, or, where necessary, provide alternative employment options for people currently employed in the automotive sector.

The Commission is called on to put forward the necessary proposal to **ensure the continuity of the Just Transition Mechanism** and its endowment with sufficient and additional funds to include support for regions that are directly or indirectly dependent on the automotive and parts-supply industries and services.

Further, the resolution stressed the need to prioritise investments in the necessary transformation of the sector, allowing it to adapt to the **new CO2 emission performance standards**, and in training, re-skilling and upskilling programmes and sustainable economic diversification strategies across the whole value chain. It stressed the importance of targeted assistance to help micro, small and medium-sized enterprises (MSMEs) and small mid-caps to acquire, upgrade and maintain physical assets and infrastructure, and to invest in research and development.