Consequences of future enlargements on the effectiveness of cohesion policy

2006/2107(INI) - 24/04/2007 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report by Markus **PIEPER** (EPP-ED, DE) on the consequences of future enlargements on the effectiveness of cohesion policy. The report was adopted by 473 votes in favour to 113 against with 104 abstentions. Parliament considered that the integration capacity of the EU means that it must be in a position, in the light of budgetary realities, to pursue the objective of social, economic and territorial cohesion. Therefore, it was necessary at the time of the accession of every candidate country to decide whether the EU is capable of integrating the state in question. Institutional, financial and political reform was also necessary in the context of a review of the EU's financial framework. Future enlargements must not lead to ever more regions ceasing to be eligible for cohesion policy funding under the current Objective 1 as a result of the statistical effect and without existing disparities really being eliminated.

Parliament stressed that an honest and efficient cohesion policy was impossible without an increase in EU spending to 1.18 % of EU GNI, as was stated by Parliament in its resolution of 8 June 2005 on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013. It regretted, therefore, that, in its Communication on Enlargement Strategy, the Commission does not offer any in-depth analysis of the financial consequences of future enlargements, and called on the Commission to present a detailed impact analysis in order to enable a proper forecast to be made of the full effects on structural policy of the accession of Romania and Bulgaria.

In connection with forthcoming enlargements, the Commission needed to calculate, showing separate figures for each state, the regional policy expenditure which the EU would be likely to incur, and what consequences this would have on the existing eligibility for funding of the regions.

In view of the current state of the EU's resources system, Parliament felt that it would be difficult to finance future enlargements without jeopardising the effectiveness of current cohesion policies. It urged the Commission to issue a communication setting out a proposal for a graduated model for cohesion policy, making it possible to draw a further distinction between pre-accession assistance and membership and enabling potential accession candidates to receive effective support for regional development prior to possible membership of the EU. Such a graduated approach should be applied to Turkey in particular, and it should be more closely focussed on the funding of specific thematic areas (such as industry clusters, institution-building and equality) and regions, so as to avoid the unthinking adoption of the usual accession-related financial measures and achieve more targeted effects on cohesion and growth.

Parliament felt that it was essential for the effectiveness of cohesion policy that the individual responsibility of the Member States should be increased in the future. The EU should make greater use of the leverage effect of loan financing particularly in regions that have already received EU funding for many years in order to improve the effectiveness of Community support, albeit without replacing it. In this connection, more favourable conditions should be set for the financing of loans and grants for the least developed regions of the EU. Parliament called on the Commission to devise proposals for a future cohesion policy tailored more closely to the actual needs of the regions, since regions which have been receiving aid from EU funds for 10, 20 or 30 years have clearly achieved a different level of development than those which have not yet received any funding. Parliament believed that greater differentiation might possibly be the answer to the future challenges facing EU cohesion policy.

More use should be made of private funds as a source of co-financing structural funding. There should also be for the private co-financing of projects and programmes under the Structural Funds to be significantly simplified in line with best practice.

Parliament went on to make the following recommendations:

- structural funding should be geared so as to avoid displacement effects as well as the EU funding of company relocations; the Commission must look critically at whether subsidies given to firms are effective in influencing business decisions regarding location, taking into account the size of the firms in question;

- greater use to be made of the Structural Funds in future in order to cushion the effects of demographic change and resulting regional migration;

- greater use should be made in future of the European Social Fund as a horizontal instrument, among other things, to help regions cope with the social challenges of globalisation as well as the effects of demographic change;

- the results of cohesion policy could only be reviewed if the award of Structural Funds took place in a transparent manner, the EU should employ very stringent transparency criteria for the award of funding;

- tougher sanctions in the event of proven abuse of funding and more effective procedures for the recovery of funds;

- successful measures to combat corruption, and the building of administrative capacity to implement Structural Fund programmes were crucial preconditions for the receipt of structural funding.

Lastly, Parliament asked for the co-decision procedure to apply to the evaluation and reform of pre-accession assistance from 2010 onwards.