## Basic information

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| **2008/2174(INI)**<br><br>INI - Own-initiative procedure | Procedure completed |
| Green Paper on territorial cohesion and the state for the debate on the future reform of cohesion policy<br><br>**Subject**<br><br>4.70 Regional policy<br>4.70.02 Cohesion policy, Cohesion Fund (CF) | |

## Key players

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|---|---|---|---|
| European Parliament | **Committee responsible** | **Rapporteur** | **Appointed** |
| | REGI Regional Development | VAN NISTELROOIJ Lambert (PPE-DE) | 26/06/2008 |
| European Commission | **Commission DG** | **Commissioner** | |
| | Regional and Urban Policy | HÜBNER Danuta | |

## Key events

| Date | Event | Reference | Summary |
|---|---|---|---|
| 19/06/2008 | Non-legislative basic document published | COM(2008)0371 | Summary |
| 04/09/2008 | Committee referral announced in Parliament | | |
| 12/02/2009 | Vote in committee | | Summary |
| 20/02/2009 | Committee report tabled for plenary | A6-0083/2009 | |
| 24/03/2009 | Decision by Parliament | T6-0163/2009 | Summary |
| 24/03/2009 | Results of vote in Parliament | | |
| 24/03/2009 | Debate in Parliament | | |
| 24/03/2009 | End of procedure in Parliament | | |

## Technical information

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| **Procedure reference** | 2008/2174(INI) |
| **Procedure type** | INI - Own-initiative procedure |
| **Procedure subtype** | Initiative |

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| **Legal basis** | Rules of Procedure EP 55<br>Rules of Procedure EP 55-p4 |
| **Stage reached in procedure** | Procedure completed |
| **Committee dossier** | REGI/6/64998 |

Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE415.290 | 14/11/2008 | |
| Amendments tabled in committee | | PE416.601 | 10/12/2008 | |
| Committee report tabled for plenary, single reading | | A6-0083/2009 | 20/02/2009 | |
| Text adopted by Parliament, single reading | | T6-0163/2009 | 24/03/2009 | Summary |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Non-legislative basic document | COM(2008)0371 | 19/06/2008 | Summary |
| Document attached to the procedure | SEC(2008)2047 | 19/06/2008 | |
| Supplementary non-legislative basic document | COM(2008)0616 | 06/10/2008 | Summary |
| Document attached to the procedure | SEC(2008)2550 | 06/10/2008 | |

# Green Paper on territorial cohesion and the state for the debate on the future reform of cohesion policy

2008/2174(INI) - 06/10/2008 - Supplementary non-legislative basic document

The European Commission adopted **the Green Paper on Territorial Cohesion** signalling the start of a major consultation with regional and local authorities, associations, NGOs, civil society and other organisations, aimed at achieving a better and shared understanding of territorial cohesion and its implications for the future of the EU's regional policy.

The settlement pattern of the EU is unique. There are about 5 000 towns and almost 1 000 cities spread across Europe, acting as focal points for economic, social and cultural activity. This relatively dense urban network contains few very large cities. In the EU, only 7% of people live in cities of over 5 million as against 25% in the US, and only 5 EU cities appear among the 100 largest in the world This settlement pattern contributes to the quality of life in the EU, both for city dwellers living close to rural areas and those rural residents within easy reach of services. It is also more resource-efficient because it avoids the diseconomies of very large agglomerations and the high levels of energy and land use typical of urban sprawl, which will become more important as climate change.

More balanced and sustainable development, implicit in the notion of territorial cohesion, would achieve a more even and sustainable use of assets, bringing economic gains from less congestion and reduced pressure on costs, with benefits for both the environment and the quality of life.

According to the Commission, policy responses to these may lie in action on three fronts: concentration, connection and cooperation.

**Concentration: overcoming differences in density.** There are gains from such concentration in terms of the increasing returns from agglomeration and from the clustering of particular activities in specific locations, including the wide availability of health care services and relatively easy access to higher education institutions and training facilities. This is reflected in the high level of GDP per head, productivity, employment and research and innovation

activity relative to the national average in capital cities and in most other densely populated conurbations. At the same time, there are also diseconomies from congestion and a number of inner city areas face acute problems of urban decay and social exclusion. The key challenge is to ensure a balanced and sustainable territorial development of the EU as whole, strengthening its economic competitiveness and capacity for growth while respecting the need to preserve its natural assets and ensuring social cohesion. This implies avoiding excessive concentrations of growth and facilitating the access to the increasing returns of agglomeration in all territories.

**Connecting territories: overcoming distance**. Connecting territories today means more than ensuring good intermodal transport connections. It also requires adequate access to services such as health care, education and sustainable energy, broadband internet access, reliable connections to energy networks and strong links between business and research centres. This is also essential to address the special needs of disadvantaged groups. However, in the new Member States, good road links are scarce and driving between cities takes much longer than in the EU15. Good rail links are also unevenly distributed, and in most Member States railway lines cannot handle high speeds and are often in need of repair. Reliable access to energy is equally important and the particular situation of networks isolated from the EU market. Access to services of general economic interest such as health care or education is often a problem in rural areas, where for example in remote regions, 40% of people on average live more than a 30-minute drive from a hospital and 43% live more than a hour drive from a university. In 2007, household access to broadband internet at home is on average 15 percentage points lower in rural areas than in urban areas.

**Cooperation: overcoming administrative borders**. Environmental problems associated with climate change, flooding, biodiversity loss, pollution or commuting do not respect borders of any kind and similarly require cooperation. To tackle these and other problems effectively requires a policy response on a variable geographical scale, involving in some cases cooperation between neighbouring local authorities, in others between countries, and in yet others between the EU and neighbouring countries. Internal border regions in the EU15 countries have benefited from many years of cohesion policy to improve cross-border cooperation. On the other hand, border regions in the new Member States have only recently started to work together. Much remains to be done to develop coherent policies for infrastructure and economic cooperation.

The Green Paper also outlines the challenges faced by regions with specific geographical features such as mountain regions (10% of the EU population) or islands regions (3% of the EU population).

The Commission will provide a synthesis of this debate in late Spring 2009.

# Green Paper on territorial cohesion and the state for the debate on the future reform of cohesion policy

2008/2174(INI) - 24/03/2009 - Text adopted by Parliament, single reading

The European Parliament adopted by 606 votes to 50, with 29 abstentions, a resolution on the Commission Green Paper on Territorial Cohesion and the state for the debate on the future reform of Cohesion policy. Parliament endorses the main conclusions of the public consultation on the future of EU cohesion policy, as presented in the Fifth Progress Report of 19 June 2008 on economic and social cohesion.

**Assessment of the Green Paper**: Parliament welcomes the Commission's adoption of the Green Paper, in response to Parliament's long-standing demand. It considers, however, that the Green Paper lacks ambition to the extent that it fails to propose either a clear definition of or an objective for territorial cohesion and does not advance significantly the understanding of that new concept, so that it can effectively contribute to the alleviation of disparities between regions. It regrets, moreover that the Green Paper does not explain how territorial cohesion will be integrated into the existing framework of cohesion policy or with what methodological tools or resources it will be transformed from a framework of principles into operational mechanisms to be applied on the ground during the next programming period. Parliament also considers that the Green Paper does not take due account of the commitments made in the Territorial Agenda and Leipzig Charter, in particular as regards the polycentrism principle or the new urban-rural partnership. Those objectives need to be central to the debate on territorial cohesion.

Parliament welcomes the launch of the **public consultation**, as requested in the Green Paper. It calls on the competent authorities to disseminate the relevant information, in order to raise awareness about the importance of this new concept.

The resolution considers the coordination of all sectoral Community policies that have a strong territorial impact to be central to the development of territorial cohesion. It regrets, therefore, that the relevant analysis in the Green Paper is confined to listing those EU policies without suggesting ways of improving synergies between them or even methods by which, in fact, to measure the territorial impact of those policies.

Parliament agrees with the approach of not including any references to possible budgetary and financial implications of territorial cohesion in the Green Paper or in the public debate. It requests that the outcome of this debate will serve as the basis for the next financial framework.

**Analysis of the concept of territorial cohesion**: Parliament endorses the position of the Green Paper that territorial cohesion is about ensuring the polycentric development of the EU as a whole, as well as the balanced and sustainable development of territories with different characteristics while also preserving their diversity. The resolution believes that territorial cohesion is a distinct concept that provides tangible added value to economic and social cohesion and a solution to the growing challenges of the EU regions. Parliament stresses that territorial cohesion should be introduced into the existing framework without causing the sectoral fragmentation of the EU cohesion policy.

Parliament stresses the following:

- excellence centres and clusters of research and innovation may be one way of ensuring economic success, and the Commission should present an impact assessment analysing the effect of these on surrounding areas;
- priority be given to any policies that promote a genuinely polycentric development of territories, in order to lessen the pressures on capital cities and encourage the emergence of secondary poles;
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the importance of public services in relation to sustainable development as well as the need for socially and regionally equitable access to services of general interest;
- territorial cohesion should not be a policy exclusively directed towards regions with geographical handicaps, but special consideration should be given on how to offset their handicaps stimulate development.

**Recommendations for the future of territorial cohesion**: Parliament expects that a clear and sufficiently flexible definition of territorial cohesion should result from the public consultation and it notes, in this respect, the proposal for a definition put forward by the French Council Presidency. It considers, however, that territorial cohesion must be subject to the subsidiarity principle in all areas, and that common definitions of concepts such as 'territory', 'rural area' and 'mountain area' should also be established.

A number of elements should be **central to the future definition** of territorial cohesion, including the notion that territorial cohesion extends beyond economic and social cohesion and that its horizontal nature and integrated approach encourages action across territories and boundaries. Territorial cohesion aims at reducing disparities between Member States and regions and should ensure the harmonious and sustainable development of geographical areas with different characteristics and specificities by assessing how EU cohesion and other sectoral policies can be best tailored to their situation. Any future definition should also make clear that territorial cohesion should focus strongly on good governance, also with regard to partnership between public, private and civil society players, providing citizens with fair opportunities in terms of living conditions and quality of life.

Parliament strongly urges the Commission to proceed with the publication of a **White Paper on territorial cohesion**, following the end of its consultation process. A White Paper would be instrumental in clearly defining the notion of territorial cohesion and its added value for cohesion policy, and would propose concrete provisions and policy actions, which should subsequently be introduced in the post-2013 legislative package on Structural Funds and the related financial framework. An **initial statement** on possible budgetary and financial implications of territorial cohesion should also be included in such a White Paper.

# Green Paper on territorial cohesion and the state for the debate on the future reform of cohesion policy

2008/2174(INI) - 19/06/2008 - Non-legislative basic document

PURPOSE: to present the fifth progress report on economic and social cohesion.

BACKGROUND: in September 2007, the Commission launched a public consultation on the challenges with which cohesion policy will be confronted in the coming years to collect ideas on the priorities, organisation and governance of the policy. The first part of this report provides a synthesis of the contributions received between September 2007 and February 2008. This first phase of the debate helps to identify issues for discussion and direction for reflection, which the Commission will take into serious consideration in the context of the budget review. The second part of the report provides a more in-depth analysis of major regional trends. The theme of this progress report is European growth sectors, whose performance in the regions will, to a large degree, determine the level of regional economic development in the years to come.

**Objectives and priorities**: all contributions agree that the main objective of cohesion policy is the reduction of economic and social disparities between the levels of development of European regions. Lagging regions must thus remain the focus of the policy. Yet, a majority of contributions – **along with the European Parliament** – argues that the policy should cover the whole territory of the EU, considering that cohesion policy is not a simple mechanism of solidarity, but also aims at fostering the endogenous development potential of European regions. The large majority of stakeholders recognise territorial cooperation as an essential part of cohesion policy and call for it to be strengthened.

Concerning the content of cohesion policy, a consensus seems to emerge at this stage on the following cross-cutting themes: 1) competitiveness linked to the renewed Agenda for growth and jobs; 2) active labour market policies to boost employment, strengthen social cohesion and reduce the risk of poverty and 3) sustainable development. In addition to the above themes a number of other issues received considerable attention such as the inclusion of territorial cohesion in the Lisbon Treaty.

**Convergence, growth and economic restructuring among EU regions:** the report notes that convergence among European regions has remained strong in recent years, leading to a marked narrowing of disparities in GDP per head, employment and especially unemployment rates. For the purpose of the analysis which follows, regions have been grouped into three categories: 1) Convergence, 2) Transition, and 3) Regional Competitiveness and Employment (RCE) regions, each with a distinct socio-economic profile. Convergence regions still have a considerably lower GDP per head, at 58% of the EU average while Transition regions are getting closer to the EU average. Between 2000 and 2005, both groups of regions reduced the gap with the EU average by around 5 percentage points. Employment rates are low at 58% in Convergence regions, compared to 68% in RCE regions. Since 2000, Convergence regions have not been able to reduce this gap. Transition regions, however, did reduce the gap and now have a 63% employment rate, but remain well below the RCE regions. Employment rates are low at 58% in Convergence regions, compared to 68% in RCE regions. Since 2000, Convergence regions have not been able to reduce this gap. Transition regions, however, did reduce the gap and now have a 63% employment rate, but remain well below the RCE regions. Unemployment rates are still four percentage points higher in Convergence than in RCE regions, but this gap was almost twice as big in 2000.

**Regional distribution of European high growth sectors:** at the regional level, three growth sectors are analysed: 1) Financial and business services, 2) Trade, transport and communication and 3) Construction. The growth sector, high and medium-high tech manufacturing, is part of the industry sector and thus can not be readily identified at the regional level. The three types of regions differ in terms of economic structure, growth trends and productivity.

- **Convergence regions**: the three growth sectors have contributed to substantial employment creation, but not enough to offset the significant employment reductions in agriculture. GVA growth was also strong in the growth sectors especially in Financial and business services and Trade, transport and communication. Convergence regions are undergoing a major economic restructuring. Substantial employment is being

created in the service sector, while agriculture is shedding even more employment. GVA growth is high especially in industry and services and productivity growth is three times higher than in RCE regions. Such restructuring requires a tailored policy response. The report states that convergence regions should facilitate the shift of employment to services, especially to sectors which do not require high education levels, and continue to modernise their agriculture sector. As industry is and will remain an important sector in Convergence regions, policy should facilitate a progressive reorientation of the industry towards high productivity and high value added activities to avoid specialisation in industrial sectors particularly exposed to international competition and offering poor growth prospects. Convergence regions should also aim to improve the education level of the labour force as shifting to higher value added activities will increase the demand for such labour. The share of highly educated people aged 25-64 is considerably lower in Convergence regions than in RCE regions, 17% and 25% respectively.

- **Transition regions**: transition regions are catching up rapidly with RCE regions thanks to the strong performance of the three growth sectors and high and medium-high tech manufacturing. As a result, the economic structure of Transition regions is becoming more and more like that of RCE regions. This will also influence the speed at which they adopt new technologies and help to reduce the productivity gap.
- Lastly, the high productivity levels in **RCE regions** give these regions an edge not only in Europe but also in the world. In part, this high productivity is due to strong investments in R&D, which are much higher than in Convergence regions. Yet to maintain a global edge, these regions have to be able to compete with other world competitors, which invest even higher shares in R&D and higher education. This clearly underlines the benefit of the increasing orientation of cohesion policy in RCE towards more investments in innovation and human capital.

**Next steps**: the debate on the future of cohesion policy has just started and will continue in the coming years. Among the many important events which will mark this debate, it is worth mentioning the ongoing public consultation on the budget review, the public consultation on the Green Paper on territorial cohesion which the Commission will launch in autumn 2008, and the ministerial and high-level events which will be organised under the different Presidencies. The Commission will report on the progress of this reflection in the Sixth progress report on economic and social cohesion in spring 2009. In due course, the Commission will present its report on the 2008/2009 budget review setting out its overall vision for the structure and direction of the EU's future spending priorities.