



European Communities

EUROPEAN PARLIAMENT

SESSION DOCUMENTS

English Edition

1988-89

21 October 1983

SERIES A

DOCUMENT A 2-0218/88/A and B

REPORT

drawn up on behalf of the Committee on Regional Policy and Regional Planning

on Community regional policy and the role of the regions

PART A: Motion for a resolution

PART B: Explanatory Statement, Opinion

Coordinating rapporteur of the resolution: Mr P. DE PASQUALE

On the basis of six reports:

- Report 1: 'Community regional policy and the regional impact of structural interventions'
 . Rapporteur: Mr MUSSO
- Report 2: 'The Member States' regional policies and the extent to which they are consistent with the Community's regional policy'
 . Rapporteur: Mr VANDEMEULEBROUCKE
- Report 3: 'The physical planning programmes, development programmes and programmes for the improvement of the socio-economic situation of the regions'
 . Rapporteur: Mr C. BEAZLEY
- Report 4: 'Regionalization in the Community as a factor of regional development'
 . Rapporteur: Mr O'DONNELL
- Report 5: 'Democratization of regional policy in the Community and the creation of a Council of the Regions'
 . Rapporteur: Mrs ANDRE
- Report 6: 'Relations between the Community institutions and regional and local authorities'
 . Rapporteur: Mr ARBELOA MURU

By letter of 12 June 1986 and 12 December 1986 the Committee on Regional Policy and Regional Planning requested authorization to draw up a report, comprising six chapters and a joint motion for a resolution, on Community regional policy and the role of the regions.

At its meetings of 10 December 1986 and 16 January 1987 the enlarged Bureau authorized the committee to report on this subject.

On 22 March 1985, 30 January 1987 and 21 October 1987 the committee appointed the following rapporteurs on the chapters listed below:

- Mr Musso: Community regional policy and the regional impact of structural interventions
- Mr Vandemeulebroucke: The Member States' regional policies and the extent to which they are consistent with the Community's regional policy
- Mr Beazley: The physical planning programmes, development programmes and programmes for the improvement of the socio-economic situation of the regions
- Mr O'Donnell: Regionalization in the Community as a factor of regional development
- Mrs André: Democratization of regional policy in the Community and the creation of a Council of the Regions
- Mr Arbeloa Muru: Relations between the Community institutions and regional and local authorities.

On 27 February 1987 Mr Pancrazio De Pasquale was appointed coordinating rapporteur of the joint motion for a resolution.

The committee considered the draft report at its meetings of 5-6 and 26-27 November 1987, 18-19 February, 17-18 March, 21-22 April, 26-27 May, 23-24 June, 29 September and 11 and 18 October 1988 and adopted the motion for a resolution as a whole on the last date unanimously.

The following were present at the vote: Mr De Pasquale, Chairman; Mr Vandemeulebroucke, Mr Maher and Mr Avgerinos, Vice-Chairmen; Mr Arbeloa Muru, Mr Amberg, Mr Gomes (deputizing for Mr Newman), Mr Cabezon Alonso (deputizing for Mrs Belo), Mr Schreiber (deputizing for Mr Sakellariou), Mr Lambrias, Mr Ligos, Mr O'Donnell, Mr Pötschki, Mr Alvarez de Eulate, Mr Aboim Inglez (deputizing for Mr Alavanos), Mr Gutierrez Diaz, Mrs André, Mr Pereira, Mr Barrett and Mr Vitale.

The opinion of the Committee on Institutional Affairs is attached. This report was tabled on 21 October 1988.

The deadline for tabling amendments to this report will appear on the draft agenda for the part-session at which it is to be considered.

The Committee on Regional Policy and Regional Planning hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on Community regional policy and the role of the regions

The European Parliament,

- having regard to its resolution of 13 April 1984 (1),
- having regard to the Joint Declaration of 18 June 1984 (2) by the Council, the Commission, and Parliament on the need to involve the regions in the Community decision-making process,
- having regard to the final communiqué of the first Conference of the Regions, convened by Parliament in 1984,
- having regard to Article 130a of the EEC Treaty,
- having regard to the Draft Treaty on the European Union, of February 1984, the preamble to which stressed the need to enable local and regional authorities to participate in European integration,
- having regard to the outcome of the conciliation procedure of 20 June 1983 with the Council and Commission on the regulation on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments(3),

(1) on the role of the regions in the construction of a democratic Europe and the outcome of the Conference of the Regions - see OJ No. C 127, 14.5.1984

(2) OJ No. C 72, 18.3.1975,

(3) OJ No. L 185, 15.7.1988, p. 9

- having regard to the six reports of the Committee on Regional Policy and Regional Planning in the context of the Major Topic (Doc. A 2-218/88) (4),
- having regard to the setting-up of a Consultative Council of regional and local authorities approved by the Commission on 24 June 1988(5),
- having regard to the work on behalf of regionalization carried out by the Standing Conference of Local and Regional authorities of the Council of Europe, and by the European Regional Associations (the Assembly of the European Regions, the Council of European Municipalities and Regions and the various sectoral associations),

I. COMMUNITY REGIONAL POLICY HAS SO FAR FAILED TO BRING ABOUT A GRADUAL NARROWING OF THE DISPARITIES BETWEEN THE COMMUNITY'S REGIONS

1. Points out that while regional disparities narrowed in the first phase of Community integration, the alignment process has not only subsequently come to a halt, but has even been reversed; the scale of regional disparities is now close to what it was in 1970;
2. Points out in addition that Spanish and Portuguese accession has led to a further, serious widening of these disparities, with the result that over 20% of the Community population now lives in backward regions;

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- Report 5: Democratization of regional policy in the Community and the creation of a Council of the Regions - Rapporteur: Mrs ANDRE
- Report 6: Relations between the Community institutions and regional and local authorities - Rapporteur: Mr ARBELOA MURU

Coordinating rapporteur of the resolution: Mr DE PASQUALE

(5) OJ No. L 247, 6.9.1988, p. 23

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3. Notes, moreover, that regional disparities have widened perceptibly in the last ten years with regard to unemployment, which has particularly affected the less developed regions and declining industrial regions;
4. Believes that these developments have resulted from the insufficient degree of economic integration attained so far and, likewise, from the limited scope both of the policies implemented by the Community and of the instruments of assistance under those policies;
5. Points out that Community regional policy came into being very late and that its appointed purpose was to seek to 'offset' the disadvantages caused by the other Community policies rather than to direct economic growth as a whole towards convergence;
6. Points out, more particularly, that the results achieved in the past under the structural funds have been extremely modest and believes that the main reasons are to be sought, inter alia, in the fact that:
 - (a) the resources earmarked for the Community structural funds have been extremely meagre, accounting for no more than about 0.12% of Community GDP;
 - (b) the objectives assigned to the funds have been too many, too diverse, and too vague;
 - (c) Community aid has been spread over too wide a geographical area;
 - (d) the share-out of contributions has extended to too many projects, with the result that the efficiency and aims of the proposed projects have not been considered in sufficient depth and the dispersion of aid has detracted from its clear-cut effectiveness;
 - (e) virtually all of the funding has been channelled into infrastructures, whereas productive investment has been very limited;
 - (f) Community aid has very often taken the form of 'refunds' to the Member States and there has been no clear and apparent 'additionality' in relation to national assistance;
 - (g) at the operational level, regional development programmes, which could have allowed assistance to be planned in accordance with predetermined priorities, have proved too vague and all-embracing to achieve the desired effect, namely selection of projects on the basis of their impact on a region's economic development;

II. THE NEXT STAGES OF EUROPEAN INTEGRATION (SINGLE MARKET AND MONETARY COOPERATION) DEMAND FRESH PROGRESS TOWARDS ECONOMIC AND SOCIAL COHESION

7. States categorically that liberalization of the markets, consolidation of the EMS and of monetary cooperation, and the pursuit of technological innovation call for a wider and more complete concept of regional policy and of a strategy of cohesion which, by mobilizing greater resources, appropriately combines the objective of a fairer share-out of resources with redistribution of the benefits deriving from the single market and Community policies;

8. Stresses that a policy of convergence and of reduction of regional disparities cannot be implemented in the absence of an overall economic policy to promote growth and generate employment;
9. Urges the Community institutions to implement as soon as possible the 'cooperative strategy for more employment-creating growth' already agreed upon by the Council of Ministers on 20 December 1985(1);
10. Shares the view that the faster GDP growth rate resulting from completion of the internal market is not sufficient in itself to reduce regional disparities; it must therefore be regarded as 'additional' to the boost to growth that can be brought about by specific economic policy measures; these must seek to modify the relationship between growth and employment and the relationship between productive efficiency and the geographical siting of investment without, however, abandoning the commitment to technical progress, which must, on the contrary, be encouraged;
11. Warns that, unless the enlargement of the markets is carried out under the conditions referred to above, it may lead to a further and extremely serious widening of regional disparities;
12. Calls, therefore, on the Commission to consider, in the context of the completion of the internal market, what measures could be taken at regional level to prevent any adverse effects on backward or declining regions; in other words, the aim would be to establish a system for encouraging investment in the weakest regions by means of fiscal, financial, legislative and administrative measures; in this connection the European Parliament has, for example, advocated a 'regional preference' when public contracts are opened up to free competition;

III. PROPOSED CHANGES TO COMMUNITY REGIONAL POLICY

13. Is convinced that substantial progress in bringing development and income levels in the Community regions closer together can be achieved only if Community regional policy is not confined to action taken by the various funds but is considered as an integral part of all Community policies and is taken into account when defining their objectives; it is therefore essential regularly to examine the compatibility of such policies with regional development;
14. Stresses that, in order for the process of restoring balance between the Community regions to get under way, it is essential to coordinate the Member States' economic policies so as to channel development to those areas where it is most needed and where there is the largest labour supply, either in regions suffering from structural under-development or in areas and sectors in industrial decline, to be identified on the basis of objective criteria established at Community level;

(1) 85/619/EEC - OJ No. L 377, 31.12.1985

15. Confirms its view that further improvements in the effectiveness of the regional policy instruments are essential and should relate to the following aspects:
- (a) the regional development programmes should form the basis for all operations; they should be defined at regional level and should indicate clearly the economic development guidelines and the options chosen with regard to sectors and areas; these priorities and the detailed arrangements for their implementation will be the subject of consultation between the regional authority, the state concerned and the Commission (partnership) which will lead to the conclusion of a programme-contract;
 - (b) the contribution from the structural funds and from any other Community instrument, as well as the element of additionality with respect to the national contribution will be set out clearly in the programme; wherever possible, the resources should preferably be spent in an integrated fashion, and in any event efforts should be made to prevent a redefinition of the measures and subprogrammes according to the terms of reference of, or constraints on eligibility for aid from, each fund;
 - (c) the criteria which the Commission will use to assess the programmes and the monitoring and control system it will use in following the implementation of the programmes by the regional authorities will need to be defined;
 - (d) the financial resources must be subject to regular and substantial increases; a global figure, intended as a guide and covering a period of several years, will be laid down for each region on the basis of social and economic criteria and of estimates and forecasts concerning general economic, sectoral, employment, etc. trends;
 - (e) operations in the context of supraregional programmes are admissible if they are justified by regional planning policy, transfrontier or inter-regional cooperation, environmental impact, etc.
 - (f) to balance the relationship between infrastructures and productive ventures greater weight will need to be given to increases in risk-capital and to measures connected with indigenous productive and service operations, the provision of professional project planning and management services and investment required to provide essential services for industry where these are not already available;
16. Approves the principles underlying the reform of the funds, such as the concentration of objectives and contributions, the financing by programme, the coordination of the financial instruments and the partnership between the Commission, the Member States and the regions, but considers that the basic conditions needed to enable these principles to be implemented through the Community's structural policy have not yet been met;

17. Points out that, in order to be followed up in practice, all the innovations adopted and the proposed changes put forward by the European Parliament with regard to regional policy require that recognition be given to the fundamental role which the regions must play and hence to the need for the process of regionalization in the Community to be carried further;

IV. REGIONALIZATION IN THE COMMUNITY: A FACTOR IN DEVELOPMENT AND ECONOMIC COHESION, IN THE DEMOCRATIZATION OF COMMUNITY INTEGRATION AND IN THE ENHANCEMENT OF CULTURAL CHARACTERISTICS

18. Points out that the most appropriate geographic and institutional level for drafting and applying a regional policy based on programming and regional planning should be NUTS II (regional level) (1) because:
- the resident population must be sufficiently large to permit adequate economies of scale in the setting up and management of the principal infrastructures and services;
 - the level which in many Member States corresponds most closely to existing institutional structures and to experiments in programming carried out in the past is the regional level;
 - at this level the quality and availability of the necessary statistical data are at their best;
19. Points out that this does not prevent operational and sectoral programmes, Community measures, etc., from being applied in smaller areas; they should, however, form an integral part of the plan for the region;
- considers that regionalization will, in particular, make it possible to:
- (a) define the economic policies of the Member States and of the Community and to make them consistent and hence to enable backward regions or those in industrial decline to recover by channelling to them sufficient resources for development;
 - (b) adapt assistance to local and regional requirements and hence to activate the potential for indigenous development;
 - (c) increase the involvement of local and regional productive and social forces by guaranteeing assistance and support for the launching of productive initiatives;
 - (d) coordinate all public and private assistance in an integrated fashion in the context of the regional programme;
 - (e) report the emergence of new problems in the economy and to adjust the regional development programme accordingly;

(1) Nomenclature of Territorial Units for Statistical Purposes

20. Points out that there are still Member States in which the process of regionalization has not yet begun;
21. Considers that the strengthening of the Community's responsibilities and the gradual transfer of power to the Community institutions must be accompanied by the decentralization of certain tasks - not only of an administrative nature but also in relation to joint decision-making and joint management to regional authorities which represent the will of the people; the relationship thus established between the Community and the regions would make it possible to.
- inform European citizens about and hence involve them in, Community policies in the belief that the path to European political unity cannot confine itself to cooperation between national structures but must also be based on regional communities and on the recognition and enhancement of their autonomy,
- ensure respect for the powers assigned to the regions by the internal legislation of the various Member States;
- achieve greater effectiveness in the implementation of Community measures and optimum allocation of public functions on the basis of common objectives;
22. Considers it essential for the European cultural identity that the specific regional characteristics existing within each Member State be given scope for expression, by making the most of their specific characteristics and thus respecting the interests, aspirations and linguistic and cultural heritage of each region; and by facilitating transfrontier or interregional linguistic and cultural cooperation in the case of linguistic and cultural heritages which extend beyond existing administrative divisions;

V. FINAL OBSERVATIONS

23. Considers that, despite the in some cases profound differences between the legal and institutional traditions of the various Member States, it is necessary and valuable to extend the process of regionalization in the Community with a view to achieving closer political, economic and social integration between the various European regions;
24. Calls, therefore, on the Member States to respond positively and practically to the European Parliament's appeal for regionalization so that those countries which do not yet have a regionalized system take, as soon as possible, the steps needed to establish one and those countries already organized in regions recognize and respect the powers of the regions so that the latter can carry out the tasks relating to economic, social and public development which will ensure cohesion and regional balance within the Community;

25. Approves the Commission's creation of an advisory committee on the regions which should give its opinion not only on Community regional policy measures but also on Community policies with a significant regional impact and on those matters which are the responsibility of the regions;
26. Acknowledges the important role which the associations of regions and local authorities have played in Europe within both the Community and the Council of Europe with a view to developing an awareness of the need to establish the regions in the European context and as regards harmonizing the powers assigned to the regions in the various Member States;
27. Calls on the Commission to promote, wherever possible, the establishment of working relations with individual regions; also asks that, with regard to regional policy, the regions should always be recognized as the ultimate targets of Community measures in this field and as active participants in the drafting and management of the programmes;
28. Requests its President to establish an institutional structure for consultation of the regions by European Parliament bodies by providing for:
 - regular working meetings between its Committee on Regional Policy and Regional Planning and representatives of the Consultative Council of Regional and Local Authorities;
 - an annual meeting between the members of the Consultative Council of Regional and Local Authorities and a European Parliament delegation led by its President to discuss the principal themes of the Community's activities;
 - the organization of at least one conference of the regions, similar to that held in 1984, during each European electoral period;
29. Considers it essential that any planned progress towards European unity should open up the possibility of institutionalizing the democratic representation of the regions and should assign to the regional and local authorities the necessary powers to enable them to participate actively in the achievement of European political, social and economic unity;
30. Believes that it would be desirable to ensure that all processes of regionalization in the Member States should start at a certain minimum institutional, financial and jurisdictional level so as to avoid setting up units that are 'regional' merely in name and would simply help create new layers of bureaucracy or even run counter to the regional communities' desire for autonomy.
31. Believes that all such regionalization must reflect the will of the population concerned, be carried out within the national legal framework and with the agreement of the State, and satisfy the following basic principles:
 - (a) the regions shall enjoy the highest possible institutional status within the national legal order;
 - (b) they shall possess institutions democratically elected by their inhabitants;

- (c) they shall have powers at least to organize their own institutions and to promote and manage their own economic development;
- (d) they shall enjoy financial autonomy and sufficient own resources to allow them fully to exercise their powers;
- (e) the State and the regions shall establish distribution mechanisms to compensate for the unequal distribution of tax revenue and above all for the imbalances between the regions.
- (f) the regions shall have capacity to participate actively in transfrontier cooperation, especially at interregional level;
- (g) by means of information and cooperation mechanisms to be established in each Member State the regions shall take part in formulating the position adopted by their respective Member States in the Community bodies in so far as this lies within their sphere of authority or when the subject is one directly affecting their interests.

On the basis of these minimum basic principles the European Parliament calls on the Member States to regionalize their internal administrative structure. A Community Charter for the Regions is annexed as a reference document and a basis for future work;

32. Instructs its President to forward this resolution, and the six reports annexed to it, to the Commission and Council and to the European and national organizations representing the regional and local authorities of the Member States.



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- OPINION

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COMMUNITY CHARTER FOR REGIONALIZATION

CHAPTER I. REGIONS: DEFINITION, INSTITUTIONAL ARRANGEMENTS, AND FRONTIERS

Article 1

1. For the purposes of this Charter the word region shall be taken to mean a territory which constitutes, from a geographical point of view, a clear-cut entity or a similar grouping of territories where there is continuity and whose population possesses certain shared features and wishes to safeguard the resulting specific identity and to develop it with the object of stimulating cultural, social and economic progress.

2. 'Shared features' shall be taken to mean language, culture, historical tradition and interests related to the economy and transport. It is not necessary that all of these elements be present in every case.

3. Variations in nomenclature and in the legal and political character of these bodies from one Member State to another (Comunidades Autónomas, Laender, Nationalities, etc.) shall not exclude them from the provisions set out in this Charter.

Article 2

1. The Member States of the European Community are called upon, taking due account of the popular will, historical tradition and the need for effective administration capable of meeting the demands placed on it (particularly with regard to economic development planning) to establish - or, where appropriate, maintain - on their territory the institutional structures required by regions, as defined in Article 1 of this Charter.

Article 3

1. The institutional structure of the regions shall be governed by provisions within the internal national legislations of the Member States.

2. Such provisions shall as far as basic principles are concerned be enshrined in the text of the constitution, or, where appropriate, at the highest possible legal level of the internal legislation of each Member State.

3. The regions shall have full legal personality.

Article 4

1. The wishes of the population shall be taken into account when defining the frontiers of the regions.

2. In order to ensure that the regions are able to carry out the tasks required of them, minimum figures shall be established both for numbers of inhabitants and geographical area when the frontiers of the regions are drawn.

3. Democratic mechanisms shall be provided in order to allow regional frontiers to be altered in accordance with such new circumstances as may arise and, above all, with the wishes of the inhabitants.

CHAPTER II. REGIONAL INSTITUTIONS

Article 5

1. Regional Statutes shall constitute the legal basis of the institutional structure of each region and shall form part of national legislation at the highest possible legal level. They shall at the very least contain provisions governing the regional institutions and their areas of jurisdiction.
2. The reform of the Regional Statute shall require, at the very least, the agreement of the State and the regional institutions, in accordance with the procedure to be laid down in the Statute itself.

Article 6

1. As a minimum, each region should possess the following institutions:
 - (a) a Regional Assembly
 - (b) a Regional Government and President.

Article 7

1. The Regional Assembly shall be elected in its entirety by free, universal, direct, egalitarian and secret ballot.
2. The Regional Assembly may possess legislative power, within limits laid down by national legislation.

It shall also exercise such powers as shall be provided for in the Regional Statute, particularly control of the regional executive and approval of the regional budget.

Article 8

1. The Regional Government shall have an executive and administrative function, and be headed by a President.
2. The Regional Government or its President shall be politically answerable to the Regional Assembly.
3. The Regional Governments shall possess their own administration, resources and personnel.

Article 9

The President of the Regional Government shall be elected directly, by the Regional Assembly or by the members of the Regional Government.

Article 10

The Regional Statute may provide for the setting up of other regional organs of a consultative nature (cultural councils, social councils, economic planning councils, etc.) or concerned with monitoring the executive. Where such organs exist, the Statute shall lay down provisions governing their composition, the extent of their authority and their relationship with the regional institutions.

CHAPTER III. AUTHORITY

Article 11

1. The regions shall have the right to administer their own affairs.
2. The authority of regions which possess legislative powers shall fall into three categories:
 - (a) full authority, in which the regions enjoy legislative and executive power;
 - (b) authority to develop and implement legislation on the basis of existing state laws;
 - (c) executive authority.

Article 12

1. The regions shall possess sufficient authority to organize their own institutions, to promote and arrange for their economic development and to intervene in matters relating to services provided for individual citizens. This authority shall relate in particular to areas such as regional policy, regional planning, agriculture, transport, tourism, public works, social welfare, crafts, culture, sport and leisure, education, health, water policy, etc.
2. In the case of regions which possess legislative power, this authority shall be exercised in full (within the meaning of Article 11(2)) but subject to the powers held by the supranational institutions. Depending on the powers of the state, the regions may share their authority with the state or exercise it concurrently.
3. The authority referred to in the first paragraph shall be assigned to the regions subject to respect for the powers of the local authorities, in accordance with national law and the principles of the European Charter of Local Self-Government (a Council of Europe Convention) (1).
4. The Member States shall be invited to sign and ratify the European Charter of Local Self-Government.

Article 13

1. The Member States' internal legislations, and preferably their Constitutions, shall lay down and define those areas of authority which because of their special character shall be retained by the state.
2. Over and above the areas of authority listed in Article 12 of this Charter, the Regional Statute may incorporate all those not expressly reserved by the state under the terms of the foregoing paragraph.

(1) This Convention was opened for signature in October 1985.

Article 14

1. In order to prevent duplication and lack of coordination between one administration and another, it is recommended that a principle of regional implementation be established for those matters under the authority of the state whose nature so permits.
2. Respect for the principle of decentralization makes it advisable for the regions to have extensive recourse to the various legal provisions for delegating to local authorities, and for the state to do likewise to the regions.

Article 15

Conflicts of authority between the state and a region or between one region and another must be resolved by courts which are independent of and unconnected with both parties, preferably of a jurisdictional nature and of the highest level. In Member States where there is a Constitutional Court, this court shall resolve such conflicts and rule on the constitutionality of regional laws.

Article 16

1. General and/or sectoral mechanisms for conciliation and cooperation between state and regional authorities shall be established to prevent possible conflicts of interest and to coordinate the activities of the various administrations.
2. These mechanisms shall be used only when it is imperative to do so, and their number should not be excessive.

CHAPTER IV. FINANCE

Article 17

The regions shall enjoy financial autonomy and sufficient own resources in order to be able to exercise their authority fully.

Article 18

1. The regions' financial resources may basically consist of own taxes and levies, taxes ceded by the state either in whole or in part, surcharges on state taxes and state transfers. Although it would be desirable for all of these to coexist, as a minimum there must be at least two.
2. The regions may work with the state, or act as its delegate, in the collection, management and liquidation of the state's tax revenue.

Article 19

The sources of finance available to the regions must be flexible and adaptable in nature, so as to allow them to deal with variations in the real cost of exercising their authority.

Article 20

1. The state and the regions shall guarantee financial distribution mechanisms capable of compensating for the unequal distribution of tax revenue and, above all, imbalances between regions.
2. These mechanisms may be vertical (from the state to the regions) and horizontal (from one region to another), they shall meet objective criteria, and they shall rest on the principle of solidarity, in an attempt to maintain a certain unity of living standards throughout the state's territory.
3. In order to safeguard regional autonomy, state transfers (subsidies) for matters falling within the regions' authority shall preferably be global in character and not earmarked for the financing of projects or services unilaterally determined a priori by the State.

Article 21

Within the limits laid down by law, the regions shall be entitled to arrange credit loans to finance their investments.

Article 22

Any extension of regional authority or the delegation of new areas of authority must be simultaneously and adequately accompanied by a corresponding increase in the region's budgetary resources.

CHAPTER V. INTERREGIONAL TRANSFRONTIER COOPERATION

Article 23

1. The Member States of the European Community and its regions shall encourage transfrontier cooperation at all levels, and above all at interregional level, within the spirit of the guidelines provided by the Community institutions (2).
2. This cooperation shall manifest itself particularly in the coordination of the regional development programmes and the action programmes in frontier areas, and in the joint establishment of transfrontier programmes for frontier regions. In researching, programming and financing such action, states and regions shall make extensive use of the possibilities offered by the Community's structural funds.
3. The Member States, within the context of the internal distribution of areas of authority, shall undertake to permit and encourage transfrontier cooperation between the regional authorities of different Member States in areas which fall within the jurisdiction of those authorities. Such cooperation shall be regarded as internal, not external relations.

(2) Commission Recommendation (OJ No. L 321, 10.11.1981)
European Parliament resolutions (OJ No. C 293, 13.12.1976, OJ No. C 140, 5.6.1979, OJ No. C 327, 15.12.1980, OJ No. C 149, 14.6.1982, OJ No. C 13, 17.1.1983, OJ No. C 127, 14.5.1984 and OJ No. C 99, 13.4.1987) and Articles 11(2)(f) and 13 of the ERDF Regulation (EEC) No. 1784/884, 19.6.1984 (OJ No. C 169, 28.6.84)

4. The Commission of the European Communities and those Member States which have not yet done so are invited to sign and ratify the Council of Europe's European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities of 21 May 1980. (3)

5. Where the Outline Convention has already been ratified, the Member States in question and their regions are invited to make the fullest use of the possibilities offered by this legal framework.

6. The regions shall promote the setting up of cooperation associations between frontier regions or regions with shared interests and problems (island regions, regions in industrial decline, etc.) as a means of institutionalizing permanent mechanisms to deal with joint information, planning and action.

CHAPTER VI. REGIONAL PARTICIPATION IN DECISION-MAKING AT NATIONAL AND COMMUNITY LEVEL

Article 24

1. The body of common policies of the European Community cannot be classified as 'external relations', as defined in traditional international law, and should therefore not come under the exclusive authority of the Member States.

2. The regions shall have the right to play an appropriate part in the fulfilment of the state's tasks, especially those which are pursued on their territory.

3. This participation must be guaranteed by the appropriate constitutional provisions, or failing that, legal provisions at the highest possible level. The Regional Statutes and state legislation shall elaborate on these basic principles.

4. Such intervention must rest on the principle of an operative regionalism based on horizontal coordination formulae, replacing the traditional vertical formulae of centralist states.

Article 25

1. The regions shall participate in the definition of the position adopted by their respective Member States in Community bodies within their sphere of authority or where the matters to be discussed directly affect their interests.

2. The Member States shall provide the regions with the means to obtain rapid and comprehensive information on Community projects, preferably through the institutions representing the regions.

(3) As of 1 May 1988, the following eight Member States had signed and ratified the Outline Convention: Belgium, Luxembourg, France, Denmark, Italy, FRG, Netherlands and Ireland. In its resolutions of 1984 and 1987 the European Parliament called on the Commission to sign and ratify this Convention.

3. The state and the regions shall establish swift and effective sectoral consultation mechanisms in order to guarantee rapid and adequate response from the regions on the matters referred to them.

4. In negotiations within Community bodies the Member States shall endeavour to respect the opinions expressed by the regions as referred to in paragraph 1 above.

5. The principles set out in this Article shall preferably be enshrined in a legal text.

Article 26

The Member States shall be responsible for ensuring that the development and implementation of Community law and policy shall respect the internal distribution of areas of authority and hence the powers vested in the regions.

Article 27

1. The regions shall take an active part in the consultative or other bodies set up by the Community institutions to this specific end.

2. Until such time as the Treaties establishing the European Community are revised, the Member States shall endeavour as far as possible to allow the regions and their specialists to be represented on the Community's advisory, technical and management bodies(4) as members of the national delegations. This procedure shall be followed only insofar as the nature of the Community bodies in question allows and the subjects being dealt with directly and specifically affect the regions' areas of authority or their interests.

(4) Advisory Committees (AC), Advisory Committees on the Management of Demonstration Projects (ACMDP), Advisory Committees on Programme Management (ACPM), Management Committees (MC), Advisory Committees on Management and Coordination (ACMC), Standing Committees (SC), Scientific and Technical Committees (STC), Technical Committees (TC), Joint Working Parties (JWP), Working Parties (WP) and Specialized Sections (SS).

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COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

REPORT 1

forming part of the major topic:

'The Community's regional policy and the
role of the regions'

on

'The Community's regional policy and the
role of structural interventions'

Rapporteur: Mr F.MUSSO

20 October 1988

INTRODUCTION

Community regional policy has been a response to a given situation rather than a genuine, institutionally recognized policy. Only with the Single Act did this essential policy become, through its incorporation into the Treaties, a common policy in the full meaning of the term.

Despite the sums spent, it was clear that the gap between the regions had widened and that far from making up some of the leeway, the least-favoured regions had in fact fallen further behind. (The report by Mr MUSSO on the activities of the ERDF, Doc. A 2-76/86, illustrates this perfectly).

The Community takes action in the regions through the medium of the structural funds (ERDF, ESF, EAGGF Guidance) as part of a genuine regional policy involving the Community, the Member States and the regions and which, in this fully developed form, is in its infancy. This approach will inevitably become more firmly established.

The recent reform of the structural funds illustrates the way in which this policy is defined in detail. The beneficial effects of the single market must not be felt solely by the rich to the detriment of the poor. Moreover, the operation and implementation of the large market must not have the effect, over the years, of further impoverishing the least-favoured sections of the population.

The regions at the periphery of the Community, and most notably the islands, are the most vulnerable, primarily by virtue of their geographical isolation.

It is the responsibility of the Community, and more particularly the Commission, to nip such dangers in the bud. The Single Act commits it to this task, providing it with the institutional powers it has lacked hitherto, and instruments backed by at least some of the desired additional funding. By 1992 the Commission must draw up and put forward measures tailored to meet each particular situation, at the same time making provision for and implementing, with the Member States concerned, and if necessary at Community level, derogations from the specific measures adopted.

1. This working paper is submitted as part of the series of six papers grouped together under the general title "The Community's Regional Policy and the Role of the Regions". The rapporteur proposes to concentrate on the following themes:-

- (i) What are the objectives of the Community's structural interventions?
- (ii) What evidence is there that these objectives have been attained?
- (iii) If they have not attained their objectives, why not?
- (iv) What recommendations has the Parliament made in the past regarding the structural funds?
- (v) Conclusions

I. A brief description of the Community's structural instruments

2. The main structural instruments controlled by the European Community are:-

- the EAGGF, Guidance Section

2. The main structural instruments controlled by the European Community are:-

- the EAGGF, Guidance Section
- the European Social Fund (ESF), and
- the European Regional Development Fund.

3. The meaning of the phrase 'structural' intervention is not immediately obvious. A structural policy is designed to bring about certain permanent changes in the economies of the member states. A structural policy can be contrasted with a policy such as the EAGGF Guarantee section where the principal aim is to support farm prices and therefore farm incomes without necessarily seeking to alter the structure of production. Mechanisms such as the co-responsibility levies and the more recent stabilisers and set-aside provisions have blurred the sharpness of this distinction and even before such developments the CAP had significant effects on the structure of the economy most notably through the multiplier effects on the rural economy. Nevertheless the CAP was not designed simply to effect changes in production structure and it should not be judged by such a standard. The vocation of the structural funds was from the beginning to bring about permanent changes in the structure of production by for example increasing the average size of farm holdings, retraining workers and providing better infrastructure in depressed regions.

4. Of the five principles set out in Article 39 of the EEC Treaty which govern the CAP it is the first which is most relevant to structural policy:

to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour.

5. The ESF's objectives are also defined in the Treaty. Article 123 states:

"In order to improve employment opportunities for workers in the common market and to contribute thereby to raising the standard of living, a European Social Fund is hereby established in accordance with the

provisions set out below; it shall have the task of rendering the employment of workers easier and of increasing their geographical and occupational mobility within the Community."

6. The ERDF was not based on the Treaty. The Single European Act has of course given it a legal basis in the Treaties. The present regulation in its third article defines its objectives as:

"The purpose of the ERDF is to contribute to the correction of the principal regional imbalances within the Community by participating in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions."

7. It should be recalled that the three structural funds have been operating for different periods:

the EAGGF guidance was set up by Regulation 17/64 in 1964. In 1972 the socio-structural measures and in 1975 the special measures for the mountain areas were adopted. In 1985 a major new socio-structural regulation Regulation (EEC) 797/85¹ came into force.

the ESF was set up in 1960 and completely revised in 1971 and 1983.

the ERDF dates from 1975, it was modified in 1979 and again in 1981 and completely revised in 1984.

II. Have these objectives been achieved?

8. It is generally agreed that the structural policies of the Community have not attained their effects. In recent years the least prosperous regions of the Community have experienced record unemployment. Disparities in agricultural incomes have increased and the gap in income per head in the richest and poorest regions of the Community has increased.

The third periodic report on the socio-economic situation of the regions highlights the widening gap between the rich and poor regions of the Community.

In his report on the Commission's 10th annual report (Doc. A 2-76/86), the rapporteur also stressed that the Commission itself had admitted that the disparities had widened since the introduction of the ERDF.

III. What are the reasons for this failure?

In seeking to understand why the policies have been less effective than hoped, four principal reasons have been cited:

- (a) insufficient resources devoted to the task
- (b) insufficient concentration both geographically and by function in the projects and programmes financed

(c) a failure to analyse critically the choice of projects

(d) a failure to respect additionality.

(a) Insufficient resources

9. The table below sets out the commitment appropriations devoted to the three structural funds in the period 1975-1986:

	<u>m ECU</u>
EAGGF Guidance	7,148
ESF	14,587
ERDF	17,522
TOTAL	39,257

10. The total amount committed in this period is not insubstantial: it is roughly equivalent to the annual GNP of a member state such as Greece. But taken year by year the structural funds have tended to absorb only about 15% of total Community spending. The Community budget has tended to absorb approximately 0.8% of Community GDP. The structural funds taken together therefore represent approximately 0.12% of Community GDP. Of course Community spending through the structural funds is generally matched by a national contribution. The total public expenditure associated with Community structural spending is therefore about 0.3% of Community GDP.

11. In the study carried out in the 1970's by Professor Macdougall, considering the redistributive effects of the budget as a whole, it was suggested that the total EEC budget would have to attain a figure of 2.5% of Community GDP if it were to have a significant macro-economic effect on the economies of the member states. And this figure assumed that the total budget would be deployed with a clear redistributive objective.

12. Mr O'Donnell in the report which he presented to Parliament on the regional effects of the CAP highlighted the fact that the most prosperous regions of the Community derived the greatest benefit from the operation of the Guarantee section of the CAP. He emphasised that price support had also brought significant benefits to the poorer regions but this did not alter the conclusion that the effect of the CAP was to widen the disparities between the richest and poorest regions.

13. Other parts of the budget such as research spending also tend to be spent in the central, prosperous areas of the Community.

14. This brief budgetary discussion shows that the appropriations devoted to the structural funds have been too low to have any significant effect and that the structural funds form a small part of a total budget which itself widens disparities.

(b) Geographical dispersion (insufficient concentration)

15. A certain priority is already given within the ESF and the EAGGF Guidance section to the disadvantaged regions and the ERDF has a specific regional vocation. But it must also be recognized that all member states receive some funds from each fund. There are sound reasons for such an approach not least that every member state retains an interest in the

development of these funds. Nevertheless the result has been that the funds have been dispersed over a wide geographic area; they have not been concentrated in the most backward regions.

In the Commission proposal concerning the reform of the structural funds the Commission points out that the effect of their proposal will be to limit the population covered by structural proposals to 20% of the total population of the Community. The Commission believes that Community aid should attain around 2% of the regional GDP but would represent only about 0.3% of Community GDP which still falls below the level of transfer towards disadvantaged regions which occurs in other federal states.

(c) Choice of Projects

16. The difficulties raised by inadequate resources and geographical dispersion are compounded by doubts concerning the appropriateness of some of the projects which have been chosen especially under the ERDF. In addition, some member states have been unable to use the money committed from the ERDF because projects have been very slow to start. There is a feeling among certain observers that the projects to which Community aid is devoted are those which come lowest in the list of national priorities. Each year the Court of Auditors reports investments which were made without the necessary preliminary work to ensure that they would be viable. Assessment is of course made difficult by the choice of appropriate time period and by the difficulty of singling out the effects of any particular project. The position is somewhat better because the new regulation insists on preliminary cost-benefit studies.

17. One of the general problems to which the Court of Auditors drew attention in its reports was the large number of decisions - almost 1000 per year covering almost 5000 projects. The Commission staff cannot examine such a large number of projects in detail. In this respect the programme approach is expected to lighten the Commission's workload but most spending will continue to be on projects.

18. In the past under the ERDF emphasis has been placed on the provision of infrastructure. The non-quota sector introduced in 1979 modified this emphasis lightly but only with the revised 1984 regulation was a serious attempt made to bring about a new approach through the devices of Community programmes and national programmes of Community interest. It is not yet possible to assess the new approach. The first Community programmes STAR and VALOREN are only now coming into operation.

19. The non-quota and Community programmes extended the nature of Community operations. Using the terminology of computers infrastructure is "hardware" whereas the kind of operations financed from the non-quota sector can be likened to "software". The non-quota schemes are designed to improve the business skills of entrepreneurs, to provide them with common secretarial and accounting facilities and to adapt former industrial premises to smaller units.

(d) Complementarity (additionality)

20. The shortage of resources has been accompanied by fears that the funds received by the Community may not increase the total amount of public expenditure available to a region. During the period of operation of the ERDF many of the member states have been curtaining national public expenditure and

it is suspected that they may have used the funds they have received through the ERDF to reduce national expenditure. In at least one member state the total capital spending which a local authority can undertake is limited by the central government. It is also felt that Community intervention is too narrowly determined by the policies pursued by the member states so that the Community does not have sufficient influence over the type of projects they are asked to subsidise.

21. These considerations have been raised in many, if not most, of the reports which the Regional Committee has forwarded to the European Parliament. It was in response to such preoccupations that the ERDF Regulation was substantially modified in 1984 to include percentage ranges for each member state rather than fixed quotas and to introduce the programme approach. The Regional Development Programmes are also an important means of ensuring that the Community has an influence on national policy. Member states are also urged to present projects to a value greater than their entitlement to give the Commission greater discretion.

22. The non-quota measures which came into force in 1981 were also conceived as a means of increasing Community influence over national policy. It may have been for this reason that they were not enthusiastically received by the member states and that the appropriations provided in the budget were persistently under-used.

23. The favourable developments in recent years have not eradicated the doubts which exist over the additionality and originality of projects financed under the ERDF. The Court of Auditors regularly reports on projects which were financed by the Community. In its annual report for the financial year 1984 (OJ No. C 326, 16.12.1985) the Court examined the extent to which work on assisted projects had started before or after the application had been lodged and the Commission's aid decision taken. In 92% of the projects examined, work had already started by the time the application for Fund aid was made, and this figure rises to 98% by the date of the decision granting aid.

(e) Coordination (ex IMP's)

24. Parliament has stressed the importance of a coordinated approach by the Community to tackling the causes of the relative economic backwardness of certain regions. The fullest expression of this approach could have occurred in the Integrated Mediterranean Programmes (IMP's) for which legislation was adopted in 1985. But the programmes were not properly implemented (slowness of the procedures) and the results of the first few programmes have not come up to expectations. Neither the Member States nor the Commission has complied with the spirit of these programmes.

25. Other examples also exist: the mainly agricultural operations in the Western Isles of Scotland, in Lozère and the south east of Belgium. There are also two urban integrated operations in Belfast and in Naples. At administrative level within the Commission a new directorate-general DG XXII was created to implement the integrated operations and promote the integrated approach to structural interventions within the Commission as a whole.

26. Small-scale agricultural programmes with modest objectives have proved more successful than large-scale programmes such as the IMPs, for which the Commission has not given itself resources commensurate with its ambitions.

IV. What recommendations has Parliament made in the past regarding the structural funds?

The rapporteur has summarized below the principal recommendations made by Parliament in its resolution on the comprehensive Commission proposal (the Gomes report).

27. In view of the financial limits of the structural funds, among other things the Community measures cannot by themselves determine the achievement of the objectives of the Single Act in regard to economic and social cohesion. To the support from the structural funds must be added the following economic policy instruments:

- coordination of the Member States' economic policies;
- a Community regional policy based on the coordination of the common policies, the assessment of their regional impact and regional planning;
- coordination of the national aid schemes;
- completion of the internal market.

28. From the point of view of the financial endowment of the structural funds, a doubling in real terms over five years is regarded as a minimum.

29. The role of regional and local authorities in the defining, deciding and implementing of Community structural measures must be strengthened and accordingly the following principles have been laid down:

- (a) The regions must be brought into the consultation and partnership between the Commission and the Member States for the preparation, approving, financing, implementing, and assessment of the structural measures; according to the Commission, it is for the Member States to decide to what extent the regions should be involved;
- (b) The regions must also, with the national authorities, take part in determining the nature of the Community support frameworks which the Commission undertakes to set up to determine the Community's financial and technical aid;
- (c) The Community support frameworks must take account as far as possible of the regional aspects and relate to all the objectives to be pursued in the regions concerned;
- (d) Similarly, the development plans and programmes should have a regional dimension so as to avoid a proliferation of plans and programmes for every objective and every territorial entity of less than regional dimension;
- (e) The development plans and programmes must be drawn up by the competent regional authorities or with their help and must be approved by the State with their agreement before being sent to the Commission;
- (f) The regions as well as the States and the Commission must monitor the quality and speed of implementation of the measures within the framework of consultation which should exist between the three authorities;

- (g) The regional and local authorities must be represented on the advisory committees whose task is to assist the Commission in the implementation of the framework regulation.

The rapporteur would add the following considerations to these points made by Parliament:

Access to investment capital on favourable terms

30. Since some Community countries (the FRG and the Netherlands) have considerable financial reserves while others (mainly in outlying regions) have an increased need for investment, the structural funds should help to facilitate access to capital reserves by assuming, in full or in part as the case may be, exchange risks in the event of low-interest hard currency loans.

Inter-regional cooperation

31. The principle of economic and social cohesion depends on respect for and encouragement of the links of solidarity that were forged between the regions at the very beginning of European integration. It is therefore important that reform of the structural funds should serve not to weaken those links but instead to promote them by making financial contributions to horizontal operations for the transfer of know-how that can benefit the least-favoured regions.

Concentration of the funds

32. While not disputing the need for greater geographical concentration the rapporteur would sound the following warning note:

- (a) Since they will cease to benefit from Regional Fund aid, many regions will no longer have to submit their regional development programmes to the Commission. This will obviously mean a loss of information and control of economic developments in those regions.

No doubt it would be possible to insist that all the regions of the Community send their regional development programmes to the Commission for the sake of coordinating the national regional policies and on the grounds that they can benefit from structural measures in respect of the four other objectives;

- (b) The ERDF furnishes one of the most tangible proofs of the presence and activity of the Community. Moreover, ERDF assistance implies quite a close relationship, albeit informal, between the regional authorities and the Community. From this point of view the exclusion of certain regions from ERDF support would have an adverse effect on those regions;
- (c) The proposed concentration of support will certainly accentuate resistance to the ERDF at budgetary level in both the Council and Parliament. There is therefore a danger that the ERDF will be pushed to the sidelines and reduced to a fund providing general assistance for the southern Member States.

33. The salient points of the Commission's comprehensive proposal under Article 130D of the Single European Act have already been alluded to in the previous paragraphs. In summary, the decisions of the special Brussels Council were that the Community operations under the structural funds, the European Investment Bank (EIB) and the other financial instruments shall support the achievement of the general objectives set out in Article 130A and 130C of the Treaty by contributing to the attainment of five priority objectives:

Objective No. 1

promoting the development and structural adjustment of the less-developed regions (ERDF, ESF, EAGGF Guidance Section)

Objective 2

converting the regions, border regions, or part regions (including employment areas and urban communities) seriously affected by industrial decline (ERDF, ESF)

Objective 3

combating long-term unemployment (ESF)

Objective 4

facilitating the occupational integration of young people (ESF)

Objective 5

with a view to reform of the common agricultural policy,

- (a) speeding up the adjustment of agricultural structures
- (b) promoting the development of rural areas
- (c) ensuring the maintenance of the natural environment and the continuation of farming in certain less-favoured and mountainous regions, these to be defined on the basis of Community criteria (in its vote of 20 May 1988 Parliament proposed to the Council the addition of objective 5 (c), but items that the latter has no intention of adopting it).

34. Commitment appropriations are to rise in 1988 by 400mECU and by 1,300mECU each year from 1989 to 1992 to reach the level of 13,000mECU (in 1988 prices) in 1992. They will thus be doubled in 1993 by comparison with 1987. The funds for objective No. 1 will be doubled by 1992.

35. The rates at which the Community may contribute to projects are also revised. For objective 1, Community assistance should not be greater than 75% of total cost and as a general rule not less than 50% of the public expenditure contribution to the measure although this minimum is not to apply to "income generating investments".

36. The rapporteur points out that the European Council has not adopted the 80:20% division between objective 1 and the other objectives proposed by the Commission; this means that management of the geographical concentration still has to be resolved by the Council, which will examine the Commission's text in detail.

37. Taken together the financial and organisational changes decided in Brussels represent a step forward in the direction which Parliament has long recommended. But much remains to be done: there is a danger that Council

will consider that the less developed regions have been fully compensated for any economic harm which may be caused to them by the completion of the single market and that no further measures are necessary.

V. Conclusions

38. The rapporteur calls on the general rapporteur to take account of the following points in the final motion for a resolution on the major topic:

- (a) the periodic reports on the socio-economic situation in the regions of the Community show that disparities between regions of the Community have not decreased during the time of the structural interventions;
- (b) the structural funds, particularly the European Regional Development Fund, do not seem to have achieved their objectives;
- (c) the European Parliament analysed the causes of this failure in several resolutions and reached the following conclusions:
 - insufficient resources were allocated to the structural funds,
 - Community aid was distributed over too wide a geographical area,
 - there were too many objectives to be attained,
 - there was a failure to comply with additionality;

The European Parliament,

- (d) while welcoming the decisions taken by the European Council in Brussels on 11 and 12 February 1988, nevertheless believes that the doubling of the structural funds is no more than a first step towards reducing the disparities in the earnings and economic power of the regions of the Community;
- (e) points out that the exact amount of appropriations for each fund should be allocated by the budgetary authority during the annual budgetary procedure;
- (f) supports the integrated approach for regional development and particularly the emphasis placed by the Commission on the integrated approach in its all-round proposal pursuant to Article 130D of the Single Act;
- (g) considers that the Single Act gives the Community's structural policy and especially its regional policy an added impetus by including economic and social cohesion in the Treaty for the first time; nevertheless considers that the Community budget as a whole and the Member States' economic policies should also contribute to that objective;
- (h) draws attention to the need for full involvement of local and regional authorities in the drawing up and implementation of regional development projects and programmes;
- (i) points out that, even after reform of the structural funds, the success of the Community's structural policy will be determined by the choice of projects, and emphasises the need further to improve selection criteria and preliminary studies;

- (j) points out that by virtue of their diversity and originality the regions of the various Member States constitute the real human and cultural wealth of the Community;
- (k) stresses, however, the danger of promoting the idea of a Europe made up of "rich" regions to the detriment of those which are poor;
- (l) stresses that the Community's first duty is to ensure the harmonious development of all the regions which go to make it up and improvements in the economic and social conditions of all its inhabitants;
- (m) declares that without this development, this cohesion and the improvements which must flow from it for its component peoples, the Community will not achieve its unchanging objectives of solidarity and improved living standards for people throughout the twelve Member States.

COMMUNITY AFFAIRS
COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

REPORT 2

on the major topic

'The Community's regional policy and the
role of the regions':

The regional policy of the Member States and
coordinating it with Community regional policy

Rapporteur: Mr J. VANDEMEULEBROUCKE

20 October 1988

EXPLANATORY STATEMENT

I. The regional policy of the Member States

1. Although Member States' regional policy reflects a variety of economic policy approaches and traditions, as far as effectiveness is concerned all Western European states are in fact expected to ensure balanced growth - an economic policy which benefits all parts of the country. In exchange for the allocation of centrally managed funds the peripheral regions in the planning process but play only a subordinate role, with no control over decisions affecting their own development. The identity crisis that this produces is one of the key elements - along with the distribution crisis - in explaining the creation of sub-national entities whose goal is greater autonomy in policy matters. The failure of the Member States to correct imbalances between the regions and between the levels of administration has in fact become a political issue of the utmost importance. Because people no longer identify with the functional representation at the apex of the political system, but wish to strengthen the local dimension of representation and to have the regional policy-making bodies closer to hand, some Member States are experiencing a phenomenon of divided responsibility: the centre and the periphery are autonomous within their own areas of competence but they are also clearly integrated within the state, and this involves obligations towards each other.

2. This interdependence finds expression not only in the Member States' regional policy as such, but also in the national systems of public finance. The MacDougall Report(1) found that there was an automatic compensatory effect because national taxation systems are usually progressive (i.e. the richer regions pay higher per capita taxes than the poorer regions) and because the principle of a fair return does not apply within national economies; consequently the public funding received by the richer regions is not in proportion to their tax burden. Hence, the national financing systems redistribute a proportion of the revenue from interregional and international trade to the economically weaker regions. This process is automatic only if there is a sufficient volume of funding. While the public sector accounts for 30 - 50% of the national product in the Member States, the volume of EC funding amounts to ca. 1% of the national Community product, and the redistribution effect is minimal. A rational Community regional policy, therefore, must not be confined to reforming the structural funds; it requires a radical change in the Community's financing system.

3. For the sake of brevity the regional policy instruments of the Member States are given in table form in section 4. The following trends can be distinguished. Broadly speaking the objectives of the Member States' regional policy coincide with Community objectives, although in a number of Member States the trend is to subordinate regional policy to sectoral restructuring

(1) Commission of the European Communities: Report of the study group on the role of public finance in European integration; Economic and Financial Series, No. 13, Brussels, 1977.

measures. Capital subsidies are the basic instrument for regional support policy in all Member States except Belgium. As far as management of the support funds is concerned there is a trend towards decentralization. This is noticeably less apparent with the power of decision on the allocation of regional aid. There is also a shift from automatically granting regional aid to applicants satisfying the relevant conditions towards greater selectivity. As far as the activities covered by the Member States' regional aid is concerned, the emphasis is still on the manufacturing industries together with services to industry, the services sector connected with the new technologies and, in some cases, tourism. There is also evidence of greater emphasis on investment aid for new projects to the detriment of expansion projects.

4. A summary of the regional policy instruments of the Member States is given in the Annex.

II. Coordinating the regional policy of the Member States with Community regional policy

5. The second paragraph of the new Article 130A of the EEC Treaty supplements the general objective of strengthening the economic and social cohesion of the Community with a specifically regional objective: reducing disparities between the various regions and the backwardness of the least-favoured regions. The new Article 130B also specifies that Member States should conduct and coordinate their general economic policies in such a way as to attain the regional and social objectives, and that the Community shall support the achievement of those objectives by the action it takes through the structural Funds, the EIB and the other existing financial instruments. The conclusion from both the position of Article 130A (in Parliament's draft Treaty establishing European Union the objectives of Article 130A were at the beginning of Article 9 under the principal objectives of the European Union) and the wording of Articles 130A - 130E is that the main purpose of these new articles is to be explicitly designated for the structural Funds as the instruments of integration. By way of contrast, in its report on a proposal from the Commission on the tasks of the structural funds and on coordination of their activities between themselves and with the operations of the EIB and the other financial instruments(1) the Committee on Regional Policy and Regional Planning states that the Community's regional policy is based not only on the ERDF, the other structural funds and the loan facilities but also on coordination of the regional policy of the Member States, coordination of all Community policy measures by means of a systematic assessment of the regional impact of such measures (including those designed to achieve the internal market) and measures for European regional planning with particular regard to border areas. Community coordination of national aid for regional development and the other forms of aid pursuant to Articles 92 and 93 EEC Treaty would also make for greater economic and social cohesion.

(1) EP Session Document A 2-0205/87

6. The question of coordinating Member States' regional policy with the Community's regional policy must therefore be seen in the broader context of an equitable division of responsibilities between the Community, the Member States and their regional authorities in respect of the policy instruments for creating economic and social cohesion. This has a number of consequences for regional policy which are described below.

III. Conclusions

7. The Committee on Regional Policy and Regional Planning

- (a) proceeds on the assumption that the relationship between the Member States' regional policy and the Community's regional policy is one aspect of the broader issue of an appropriate division of responsibilities between the Community and the Member States in respect of achieving the economic and social cohesion of the Community,
- (b) stresses that not only the Community's regional policy but coordination of the Member States' economic policy and completion of the Internal Market should also contribute to the objectives of Article 130A EEC Treaty. The Commission should examine how much progress has been achieved in economic and social cohesion and in respect of its obligations pursuant to Article 88 EEC Treaty on progress towards achieving the internal market. The Commission must report the results to the Council and to Parliament with a view to any other action that may be necessary,
- (c) is of the opinion that a new Community financing system is just as important as the action taken by the structural funds, the EIB and the other existing financial instruments in reducing disparities between the various regions and the backwardness of the least-favoured regions,
- (d) believes that in addition to the ERDF, the other structural funds and the loan facilities, the Community's regional policy should include the following elements: coordination of the regional policy of the Member States and of national aid for regional development, coordination of all Community policy measures, in particular by means of a systematic assessment of the regional impact of such measures, and measures for European regional planning, with particular regard to border areas,
- (e) in this respect regards the action of the Community and the corresponding measures of the Member States as complementary and in order to enhance the value of their initiatives proposes close consultation between the Commission and the national and regional authorities who shall act as partners in aspiring towards the same objective that is formulated on the basis of priorities established at Community level,
- (f) proposes the following principles for the interventions by the ERDF and the other financing instruments :
 - greater compliance with the principle of the additivity of ERDF aid by stimulating projects resulting from close cooperation between the local, regional and national authorities and the Commission and a thoroughly programmatic approach, pending amendment of Article 36 of the ERDF Regulation of 19 June 1984 by means of the implementing decisions provided for in Article 130E EEC Treaty,

- an integrated approach if more than one fund and/or more than one financing instrument is involved in the Community aid programme,
 - Community use of objective socio-economic criteria to establish what areas are least favoured from its point of view,
 - adequate monitoring of the results of the structural assistance and, if necessary, diverting Community intervention to the needs identified during implementation, and systematic suspension of funding and/or repayment of regional aid in the event of failure to achieve the objectives or if the funds allocated are not used for the intended purposes,
- (g) believes that in order to ensure that Community assistance through the ERDF is not limited in principle to supporting national aid for regional development the Community must also be given the resources it requires to develop its own philosophy of regional planning, for example by making greater use of Community programmes,
- (h) calls for continuous assessment of the effectiveness of Community aid and of Member States' regional policy instruments and for the results of such assessment to be submitted to Parliament,
- (i) calls for genuine involvement of regional authorities in regional policy, e.g. drafting and approval of regional development programmes by the relevant regional authorities; close consultation between the Commission, Member States and regional authorities on drafting, finalizing, funding, implementing, monitoring and evaluating programmes and projects; and the guaranteed membership of persons responsible for the collective interests of the regional and local authorities on the advisory committees provided for in Article 16 of the proposal for a regulation on the tasks of the structural Funds and their effectiveness and on coordination of their activities,
- (j) is of the opinion that since more than 50% of workers are currently employed in the services sector and in recent years roughly 70% of all new jobs have been created in that sector the regional aid measures taken by the Member States and the Community should not be directed predominantly towards the manufacturing industries.

EUROPEAN PARLIAMENT

COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

ANNEX TO

REPORT 2

on the major topic

'The Community's regional policy and the
role of the regions':

The regional policy of the Member States and
coordinating it with Community regional policy

Rapporteur: Mr J. VANDEMEULEBROUCKE

20 October 1988

	REGIONAL AID MEASURES	REGIONAL AUTHORITIES' INVOLVEMENT IN REGIONAL POLICY	ADDITIONALITY OF ERDF ASSISTANCE
BELGIUM 36.3% (a) 6.3 ECU (b)	<ul style="list-style-type: none"> - a discretionary interest rate reduction tied to a specific project for loans granted by recognized credit institutions. - a discretionary capital grant tied to a specific project which can either partly or completely replace the interest rate subsidy. This combined aid may not exceed 15% of the eligible investment after tax. Since October 1987 the granting of investment aid has been more selective in Flanders, with the emphasis being placed on increased employment. - less important measures: state guarantee for loans, accelerated writing-off, smaller fiscal concessions. 	<p>The legal framework was laid down by the central authorities in the expansion legislation. Since the state reform the regions have full powers of implementation. The proposals defining the areas to receive aid and the projects and programmes are submitted by the regions through the Belgian Permanent Representation to the Commission. With regard to the drawing up and implementation of regional development programmes, there is a more decentralized approach in Flanders (through the regional development companies in each province) than in Wallonia.</p>	<p>In Flanders there is no question of additionality in individual cases. The ERDF support is channelled into the regional development fund. The overall additionality has not been demonstrated.</p>
FRG 28.9% (a) 3.8 ECU (b)	<ul style="list-style-type: none"> - an automatic capital grant tied to a specific project 'Investitionszulage' (10% of the relevant investment in the zonal border area and 8.75% in the 'GA' areas). An investment grant can also be obtained. The combined aid should fall within a range of 10% to 25% of the investment concerned, depending on the location and the type of project. - within the zonal border area a number of other aid measures are available: subsidies for freight transport, subsidy for accelerated writing-off. - an automatic soft loan tied to a specific project for SMUs, for projects which cannot benefit from the two investment grants referred to above. - additional subsidies are available in most Länder - new emphasis in German regional policy (1985): more aid for certain services, innovation activities and 'human capital', for information technology and the associated R&D. 	<p>Under the Basic Law, regional policy falls within the competence of the Länder. The Federal government is involved through the joint action to improve the regional economic structure (GA). The planning committee, with Federal and Land representatives, draws up an annual framework plan for the coordination of regional policy in the FRG and also determines the map of the zones eligible for aid. Implementation of the GA, which is financed on a 50-50 basis by the Federal government and the Länder, is the sole responsibility of the Länder. The initial examination of the request for an investment grant is made at Land level and the decision granting it is taken at Federal level.</p>	<p>ERDF aid is paid by the Commission direct to the Federal government which passes the aid on to the Länder. The additionality of the ERDF support cannot be verified. As it only amounts to about 3% of all ERDF aid, the effects of any related reduction in national budgetary resources will not be too serious. As the financial contribution from the Federal government for regional aid measures only concerns part of the expenditure involved and as implementation of regional policy is the responsibility of the Länder, which have a high degree of financial autonomy, the principle of additionality is perhaps more applicable at Land than at Federal level.</p>
DENMARK 24% (a) 0.8 ECU (b)	<ul style="list-style-type: none"> - Investment grant tied to a specific project (maximum of 35% in the special development areas and 25% in the general development areas). Projects involving less than Dkr 1 m can no longer benefit from it. - soft loans for communes for the construction of industrial buildings which are rented out or sold below market value. - smaller measures: relocation grant, grant for feasibility studies and for infrastructure projects. - 'global sub-loans' at below market interest rates, as part of the annual overall loan of Dkr 50 m from the EIB to the Danish state. 		

BELGIUM 36.3% (a) 6.3 ECU (b)

FRG 28.9% (a) 3.8 ECU (b)

DENMARK 24% (a) 0.8 ECU (b)

	REGIONAL AID MEASURES	REGIONAL AUTHORITIES' INVOLVEMENT IN REGIONAL POLICY	ADDITIONALITY OF ERDF ASSISTANCE
FRANCE 39% (a) 1.7 ECU (b)	<p>- the prime d'aménagement du territoire (regional planning premium) (PAT) is a capital grant tied to a specific project for the processing industry and for research and service activities and is mostly linked to job creation (maximum depending on the aid zone: FF 35 000 or FF 50 000 for each job created). In addition, depending on the aid zone upper limits of 17% and 25% of the investment concerned apply. As a result of budgetary restrictions, the PAT is concentrated on certain types of projects which have been given priority and is granted on more of a discretionary basis.</p> <p>- the prime regional d'emploi (regional employment premium) (PRE) is an employment subsidy tied to a specific project for the first 30 jobs created (or maintained). This is an aid to SMUs available throughout France, but with more favourable upper limits for rural and hill areas (max. of FF 10 000 to FF 40 000 per job created).</p> <p>- tax concessions: exemption from local company tax, reduction of transfer tax in problem areas, accelerated writing-off for new buildings.</p>	<p>Since October 1987 the regional councils have no longer been receiving funds for the allocation of the PAT, which is once again being allocated centrally. For the PRE, the regional councils can themselves determine in their region the actual value allocated, within the stated margins. In the framework of the 1982 decentralization law, the territorial authorities have participated in regional planning, resulting in the signature of planning contracts between the state and the regions. The Delegation for Regional Planning and Action is responsible for the coordination of the drawing up and implementation of these contracts and also prepares the industrial and infrastructure projects for submission to the ERDF. Consultation of the regional authorities is in some cases no more than a formality.</p>	<p>The Commission pays the ERDF aid directly to the national treasury. It is then credited to the government body concerned as repayment for work undertaken. It is not possible to determine the extent to which the ERDF aid is additional in the sense that extra projects are undertaken. Because of the difficulty of distinguishing infrastructure projects to promote the economic development of backwards regions from 'normal' infrastructure projects, it is not possible to indicate how French national spending for regional policy has altered since 1975. The non-quota and IMP activities are carried out on the basis of co-financing.</p>
GREECE region A 42% (a) region B 14% region C 34% region D 10%	<p>- the investment grant is a discretionary capital grant tied to a specific project. The lower and upper limits vary according to the location and the type of activity (a maximum of 50% of the investment concerned + 15% for special investments, relocation or request from a local authority or cooperative).</p> <p>- the interest rate subsidy can be paid only for projects which receive the investment grant. The maximum levels given above also apply in relation to this combined aid. For the first tranche of investment of Dr 1 200 m, the aid consists solely of the investment grant/interest rate subsidy. Half of the aid for the subsequent investment tranche of Dr 300 million is provided by the investment grant/interest rate subsidy and half by government participation in the share capital of the undertaking concerned. Aid for investment over the Dr 1 500 m tranche is provided completely in the form of government participation.</p> <p>- accelerated writing-off. Tax concessions, which cannot be combined with the investment grant/interest rate subsidy.</p>	<p>For regional policy purposes Greece is divided into four regions (A - D). The central authorities have responsibility for investment and interest rate subsidies for investment projects over Dr. 300 m. For projects involving sums between Dr. 40 m and 300 m, the prefect concerned takes the decision concerning allocation and for smaller projects the chairman of EOMMEX, the Greek organization for SMUs and craft trades. Individual projects can be proposed in the first place by the prefect, in cooperation with mayors and other local representatives. The decision to support the project and the application for ERDF aid is made by the Ministry for National Economy.</p>	<p>Since Greece became a member of the Community, regional spending on infrastructure has increased by about 25%. This can definitely be attributed to ERDF aid. Central government aid for projects in the Greek regions represents only 120% of the funds received from the ERDF.</p>

FRANCE 39% (a)
1.7 ECU (b)

GREECE - region A 42% (a) - region B 14% - region C 34% - region D 10%

	REGIONAL AID MEASURES	REGIONAL AUTHORITIES' INVOLVEMENT IN REGIONAL POLICY	ADDITIONALITY OF ERDF ASSISTANCE
PORTUGAL	<p>The new Sistema de Estimulos de Base Regional has three components:</p> <ul style="list-style-type: none"> - a regional development component: a capital grant which varies according to the zone up to a maximum of 20% of the investment involved. - an employment component: a fixed amount per job, depending on the zone, provided at least 5 jobs have been created. Maximum of 10% of the investment involved. - an innovation and modernization component, which generally may not exceed 20% of the investment involved. <p>The combined aid from the three components may not amount to more than 33% of the investment concerned. Furthermore, there is an absolute maximum limit on aid of Esc 200 m.</p>		
SPAIN 41% (a)	<ul style="list-style-type: none"> - a discretionary regional investment grant tied to a specific project, the maximum amounts being inversely proportional to the capital intensity of the project concerned (from 20% to 8% of the investment amount + an additional 5% depending on the priority sector and the location). - discretionary priority in obtaining public loans at interest rates below market levels for a maximum term of 9 years and for up to 70% of the investment sum. - reduction of the social security contributions paid by employers. 	<p>The Spanish autonomous communities draw up their own regional development programmes, but the financial aspects are implemented through negotiations with the Ministry of Economy and Finance. Implementation is through the central, regional and other authorities in accordance with their respective powers. All central public investments are coordinated in the informal inter-departmental committee for public investments. A more specific regional coordination instrument is the interdepartmental steering committee (Consejo Rector) in which the autonomous communities are not represented. They are only active in the working parties which can report to the Consejo Rector. It gives recommendations to the Ministry for Economy and Finance for aid to investment projects under Ptas 1000 m and to the appropriate committee of the Council for Economic Affairs for larger projects.</p>	
UNITED KINGDOM 36.8% (a) 9.7 ECU (b)	<ul style="list-style-type: none"> - the regional development grant (RDG) is a subsidy tied to a specific project which can be paid either in the form of a capital grant (15% of the investment up to a limit of £10 000 per job) or in the form of an employment subsidy (£3000 for each new job created for labour-intensive projects). - selective discretionary regional aid for specific projects. - Northern Ireland: <ul style="list-style-type: none"> * relatively automatic standard capital grant (SCG) of 20% of the investment concerned. * more discretionary selective aid, including industrial development subsidies (up to 50% of the investment). * tax concessions in respect of corporation tax. <p>(a) Percentage of the national population affected by the most important regional aid measures</p>	<p>The RDG is managed in England by the Department of Trade and Industry (DTI) in Scotland by the Industry Department for Scotland and in Wales by the Welsh Office Industry Department. In England infrastructure projects are the responsibility of the Department of the Environment (DOE) and in Wales of the Welsh Office. Industrial projects come under the DTI, which is generally responsible for regional policy. Group applications for ERDF aid for infrastructure projects are coordinated by the DOE and the Welsh Office. Applications for ERDF aid for Northern Ireland are made through central government. The national associations of local authorities are consulted during the drawing up of the regional development programme.</p> <p>(b) Expenditure per head of national population for the most important national aid measures</p>	<p>ERDF aid for infrastructure projects is offset against the capital transfer made by central government to the local authority concerned. ERDF aid for industrial projects is also used for partial repayment of the aid already provided by the British Government. In its 1985 report to the Council on application of the regulation on urban renewal in Belfast, the Commission expressed its satisfaction with the information provided by the British Government on the supplementary nature of the ERDF aid concerned.</p>

PORTUGAL

SPAIN 41% (a)

U.K. 36.8% (a) 9.7 ECU (b)

	REGIONAL AID MEASURES	REGIONAL AUTHORITIES' INVOLVEMENT IN REGIONAL POLICY	ADDITIONALITY OF ERDF ASSISTANCE
IRELAND 28% (a) 24.9 ECU (b)	<ul style="list-style-type: none"> - IDA capital grants for: new industries and substantial company expansions (discretionary, tied to a specific project, maximum: 45% or 60% of the investment depending on the zone), small companies (including employment subsidies), international services (including employment subsidies and training subsidies), joint ventures, feasibility studies, process and product development, sectoral restructuring. - tax concessions (10% of corporation tax). - with regard to project evaluation, the 1986 Industrial Development Act shows a shift from job creation to the wider objective of a higher added value for the Irish economy. 	<p>The whole country is considered by the Commission as a single region. There are nine planning regions with regional development organizations which are dependent on local and central authorities for the implementation of their development strategies. The Industrial Development Authority (IDA) which comes under the Ministry for Industry and Commerce, has national responsibility for industrial development. The Finance department is responsible for the management of ERDF aid and links with the Commission. It receives the requests for ERDF aid for projects from the local authorities through the department of the Environment.</p>	<p>Capital expenditure for projects eligible for ERDF aid has increased more rapidly since the introduction of the ERDF than other types of capital expenditure. The substantial proportion of ERDF aid with the total government funds available for this area increases the tendency to reduce national expenditure in this field as a result of budgetary restrictions.</p>
ITALY 35.6% (a) 21.6 ECU (b)	<p>Mezzogiorno:</p> <ul style="list-style-type: none"> - capital grant up to a maximum of 40% to 56% of the investment concerned depending on the area or priority sector, through the Agenzia per la promozione dello sviluppo del Mezzogiorno. - loans with interest rate subsidies from the National Fund for subsidized loans are a national aid measure with favourable conditions for the Mezzogiorno (interest rate 6% lower than the average market rate). - reduction of the social security contribution paid by employers (in certain cases 100% reduction for increased employment). - tax concessions in relation to local income tax and corporation tax. <p>Smaller regional aid measures from the national government and the regions: soft loans for SMUs, interest rate subsidies for groupings of authorities from problem areas, reduced electricity tariffs for small undertakings.</p>	<p>Under the new 1986 Mezzogiorno law, regional policy is based on a three year plan and annual implementation plans, intended to integrate the proposals and programmes of the southern regions and the central government. For the purpose of implementation, programme contracts are concluded between the Minister for the South and the relevant regional and local authorities. The management of and decision on applications for subsidies from craft undertakings for investments of Lit. 2 000 m or less are referred to regional level. The regional authorities play an important role in the preparation of projects, but many of the ERDF aided projects fall outside their competence (e.g. those relating to energy). Despite their competence with regard to economic development, the Italian regions state that their control over ERDF expenditure in their regions is inadequate. The applications for ERDF aid are processed centrally on the basis of a rough balance between regions.</p>	<p>Although it cannot be established definitely, ERDF assistance for infrastructure projects in the Mezzogiorno does in fact supplement infrastructure spending. ERDF aid, and even the transfers from the Cassa del Mezzogiorno and its successor for the infrastructure projects which fall within the competence of the regions only represent a small portion of the total infrastructure spending of the regions concerned which receive funds directly from the national budget for this purpose. It has also been shown that the availability of ERDF aid in Italy, where inflation has been rapid in recent years, has made it possible to complete many projects which would otherwise have been halted because of the insufficient funds from national sources made available on the basis of the anticipated costs.</p>
LUXEMBOURG 9.5 ECU (b)	<ul style="list-style-type: none"> - discretionary capital grant tied to a specific project, varying between 15% and 25% of the investment depending on the canton. - discretionary tax concessions for new undertakings or product lines. - interest rate subsidies (maximum 4% for 5 years on 75% of the investment sum). 		
NETHERLANDS 4% (a) 3.9 ECU (b)	<p>The investment premium provisions (IPR) include a capital grant tied to a specific project, the granting of which is automatic only for the first tranche of investment of Fl 18 m (Fl 8 m for expansion investment). Ceilings of 15%, 25% or 35% apply, depending on the IPR region. The memorandum on regional, social and economic policy 1986-1990 draws a significant distinction between the establishment and the expansion of undertakings.</p>	<p>In conjunction with a decentralization of the annual IPR budget, the provinces can set their own conditions for and take their own decisions on allocation, within the maximum percentages set by the IPR for investment projects up to Fl 2 m. The drawing up and implementation of regional development plans is the joint responsibility of the central and provincial authorities. Regional institutions are free to maintain direct contacts with Community bodies. However the submission of projects and programmes to the ERDF takes place through the Ministry for Economic Affairs.</p>	

COMMISSION OF THE EUROPEAN COMMUNITIES

COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

REPORT 3

forming part of the major topic

'The Community's regional policy and the
role of the regions':

The physical planning programmes, development programmes and
programmes for the improvement of the socio-economic
situation of the regions

Rapporteur: Mr C. BEAZLEY

20 October 1988

1. This sub-theme raises fundamental questions of definition which are not merely linguistic but reflect the different governmental and administrative traditions in the member states. Whereas the content of a regional development programme (RDP) is defined in the ERDF Regulation and the Commission has indicated in some detail how member states should structure their RDP's, there is no shared view of what is meant by 'regional planning.

2. The title of the theme suggests that there may be a causal connection between regional planning and economic development. Before such a proposition can be tested the various interpretations of the concept should be examined and a working definition established. It appears that the term is most widely used and best understood in France where there is a strong centralist and planning tradition. It may be that it is only in England where for cultural reasons economic planning has never really taken root that the term gives rise to difficulties.

3. It may help to elucidate the meaning of regional planning if it is contrasted with the more familiar sectoral planning at national level. In France regional planning developed as a reaction to what was seen as an excessively sectoral emphasis in the first post-war plan (the Monnet plan). This plan set targets for the economy as a whole by sector but paid much less attention to the spatial implications of economic policy.

4. Regional planning thus embodies an approach which seeks to influence the spacial effects of economic activity. It can complement sectoral planning at national level. Sectoral plans can be affected by local shortages of skills or materials or excessive demand in localised economies. Diseconomies resulting from excessive concentration of economic activity in specific regions can impede the growth of the national economy as a whole.

5. But there are other non-economic reasons for a government to attempt to plan and control the national territory: national defence strategy, social cohesion, equitable treatment for all citizens and a recognition of the national importance of vigorous regional cultures. Thus no central authority could stand by idly while its population became concentrated in one part of the country and the rest of its territory was gradually abandoned. It was against the background of rapid population

growth as a result of migration and a consequent concentration of economic activity in Paris (which already dominated the country) that the switch to a more spatial approach in French policy took place. The same conditions prevailed in the United Kingdom with respect to the concentration of economic activity in London and inspired similar policies.

6. Regional planning therefore implies a particular approach to planning at national level. There are two main ways in which it works:

(i) Regulatory :-

a system of legislation prohibiting, discouraging or facilitating new economic activity in certain localities;

(ii) The influencing of other policies

the deliberate tailoring of policies other than specifically regional policies to favour certain parts of the country e.g. giving favourable treatment to certain types of agriculture, the siting of government departments or the headquarters of nationalised industries and the establishment of universities in depressed regions. A further tool of regional planning used extensively in France is the creation of science parks or 'technopoles' as they are sometimes known.

7. In fact most acts of public policy have spacial effects as do exogenous factors such as scientific progress and new inventions or discoveries. If telecommunications continue to develop rapidly many tasks at present carried out in offices will be done at home. This will have significant effects on the location of offices and the provision of transport infrastructure. And the effects of this technological development will themselves be heavily influenced by the pricing policy adopted by the suppliers of the telephone service.

8. A further device by which to elucidate the meaning of regional planning could be to compare it with measures generally grouped under the heading of "regional development". This has the further advantage of corresponding with a distinction made by the Commission in its own terminology. The grants made from the ERDF form part of regional development. They are used to make investments which are aimed at improving the economic potential of a region. The projects financed are generally infrastructure such as roads, railways, power stations or tele-communications installations. Many investments will have spatial implications but most, taken separately, will not have significant effects beyond their immediate vicinity. Regional development policies

may, but need not, be accompanied by planning controls at national level designed to discourage development in more prosperous regions.

9. Regional planning thus has the following characteristics:

- it is an approach rather than a series of instruments; it should be seen in contrast to sectoral planning;
- it is best defined in relation to the management of the territory of an autonomous state;
- it is aimed at ensuring a harmonious and equitable economic development of the entire territory of a state;
- it is distinct from policies aimed at regional development although the two concepts are closely linked;
- it uses planning controls to regulate economic development;

10. From this terminological discussion it becomes clear that all member states have regard to regional planning. But they need not possess a ministry or department of regional planning or even have a policy with that name. The assessment of the spatial effects of national policies on a region may be carried out in different departments - economic, environmental or in development agencies and local authorities.

11. It should however be recalled that an influential school of thought rejects 'planning' at national level. It believes that the operation of market forces will over time tend to produce harmonious economic development. They point to the United States of America as an example of a country without a planning tradition whose economy has nevertheless prospered and where there are no marked regional differences in income.

12. The draftsman has not attempted to catalogue existing arrangements in member states for 'regional planning'. This information is available in organisations such as CEDRE and the Council of Europe but such surveys are notoriously liable to inaccuracy as governments frequently review and modify existing arrangements and structures can often only be properly understood when placed in the context of the entire governmental organisation at national local and regional levels. These qualifications are especially true when not one but several policies are concerned. The information received from these organisations reveals marked differences in the arrangements made for regional planning in each member state. The rapporteur has nevertheless appended information taken from a recent report

drawn up on behalf of the Council of Europe (Explanatory Memorandum, Appendix (1) to Mt Caldiroli's report on regional policy and regional planning policies in Europe).

Regional Planning at European Level

13. Some members of the Regional Policy Committee consider that the Commission has not been dynamic enough in its role in relation to the regional planning policies of the member states. It is suggested that the Commission should play a greater part in assessing the effects on the regions of large infrastructure projects especially where these concern transport and endanger the environment. The Commission should contribute to the financing of large infrastructure projects where they would promote the balanced economic development of the Community.

Previous work by the European Parliament

14. The subjects dealt with by Mr Gendebien in his 1983 report on a European Regional Planning scheme included: the legal framework for a Community regional policy; Community measures taken by the Council and Commission in fields connected with regional planning; the impact of current community regional policies on regional planning; the justification, objectives and content of a European Regional Planning scheme; balanced regional development; major infrastructures; transfrontier regions; protection of heritage; energy policy; environmental protection; agricultural policy; legal and financial framework.

15. Mr Gendebien found a legal basis for regional planning at European level in the Treaty of Rome. Article 2 speaks of the need 'to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standards of living and closer relations between the states belonging to it.' He believed that the notions of harmony and balance imply coordination, management and regional and environmental planning and considered that under Article 235 the member states through the Community institutions had launched a series of policies whose spatial implications, when taken together, form the constituent parts of a de facto regional planning policy.

16. Mr Gendebien cites a reply from the Commission to a Parliamentary Question which he tabled regarding the Commission's powers in this domain. The Commission replied:-

'Although Article 2 of the Treaty assigns the Community the task of promoting the harmonious development of economic activities in the Community, there is no particular

provision in the Treaty which gives it specific powers in the field of regional planning. Regional planning as such is not therefore one of the Commission's responsibilities. The concept of regional planning in any case denotes different things in different member states ranging from simple physical planning to regional development. Under certain Community policies the Commission does, however, have responsibilities concerning some of the most important economic factors from a Community point of view that are related to regional planning.

Principal among these responsibilities are:

(a) the examination of regional development programmes under Article 6 of the ERDF regulation;

(b) the implementation of the European Community action programme on the environment,

(c) approval of programmes for common measures within the meaning of Article 6(1) of C. Reg/n. 729/70, financed by the EAGGF,

(d) application of the Council directive of 28 April 1975 on mountain and hill farming in certain less-favoured areas;

(e) coordination of plans and programmes for the development of transport infrastructures under the Council Decision of 20 February 1978.

The Commission also exercises an influence where regional aids have a direct link with regional planning, through its monitoring of such aids under Articles 92 and 93 of the EEC Treaty.

Lastly under the Community action programme on the environment the Commission has to take account of the town and country planning implications of activities under the various Community policies.

17. Thus although the Commission is not formally responsible for regional planning, its obligations under a number of other policies necessarily lead it to act in this domain. Mr Gendebien was of course writing before the adoption of the Single European Act. The provisions of the Act give regional policy a place in the core legislation of the Community and thereby imposes new obligations upon the Commission. In particular Article 130A states

"In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to

the strengthening of its economic and social cohesion in particular the Community shall aim at reducing disparities between the various regions and the backwardness of the least favoured regions."

18. The Commission may not wish to be too closely involved in spatial planning. Nationally, questions of land use often give rise to bitter controversy and as far as possible they are regarded as matters best devolved to the local level with national authorities only stepping in where the local decision has national implications. Such a position could presumably also apply, *mutatis mutandis*, at Community level.

19. With its regionalist tradition the Parliament would wish to see decisions on regional planning taken at the closest possible level to the people affected. But the total effect of the decisions taken at regional or local level in planning matters do not necessarily lead to an optimum (or acceptable) result at national level. For example decisions on the allocation of land for housing taken at local level in response to local needs might in the aggregate produce a result which goes against nationally agreed policy on the proper balance between land available for housing and land for agriculture.

The Regional Planning Charter

20. Mr Gendebien drew attention to the considerable work carried out by the Council of Europe through the periodic conferences which it calls of ministers for regional planning. It was also under the aegis of the Council of Europe that the Standing Conference of local and regional authorities of Europe adopted in October 1983 its resolution no. 148 on the European Regional/Spatial Planning Charter. This charter defined, for the first time at European level, the notion of regional planning, its characteristics, main objectives and implementation. The charter defines the concept of regional/spacial planning in the following manner:

'Regional/spatial planning gives geographical expression to the economic, social, cultural and ecological policies of society.

It is at the same time a scientific discipline, an administrative technique and a policy developed as an interdisciplinary and comprehensive approach directed towards a balanced regional development and the physical organisation of space according to an overall strategy.'

21. It continues:

'Regional/spatial planning should be democratic, comprehensive, functional and oriented towards the long term:

- democratic: to ensure the participation of the people concerned and their political representatives;
- comprehensive: it should ensure the coordination of the various sectoral policies and integrate them in an overall approach;
- functional: it needs to take account of the existence of regional consciousness based on common values, culture and interests sometimes crossing administrative and territorial boundaries, while taking account of the institutional arrangements of the different countries;
- long-term oriented: it should analyse and take into consideration the long-term trends and development of economic, social, cultural ecological and environmental phenomena and interventions.'

22. The European Parliament also included a section on Regional Policy in the 'Draft Treaty Establishing the European Union' which it adopted on 14 February 1984. The regional policy of the Union was to comprise, inter alia, "the development of a European framework for the regional planning policies pursued by the competent authorities in each Member States".

Future Community action with regard to regional planning

23. The Commission proposes to play a more active role in regional planning at European level and will make proposals to this end in the context of the reform of the Regional Fund. It will interpret 'regional planning' as concerning the economic and spacial effects of large infrastructure projects. It will identify a Community interest where such projects will have a general effect on the economy of the European Community as a whole and where the Community through its coordinating role and using its financial mechanisms can promote the implementation of the project.

24. A practical example of such a project, given by the Commission, would be the extension of the TGV line from Paris to Madrid. The Portuguese authorities would like the line to be extended to Lisbon but the Spanish authorities have no desire to finance the necessary work between Madrid and the Portuguese border because the TGV would make no further stops on Spanish territory. Similarly the Portuguese do not wish to finance that part of the work which is outside their territory. The Commission could bridge this gap by financing the necessary work because of

the advantages it would have for the balanced economic development of the Community as a whole.

Transfrontier Cooperation

25. The need for greater transfrontier cooperation has long been recognised by the European Parliament (see, for example, Mr Potschki's 1986 report on transfrontier cooperation at the internal borders of the European Community (Doc A-170-86)). Regional/spatial planning is of obviously relevant to any discussion of transfrontier cooperation; the example offered by the Benelux countries is often taken as a token of what could be achieved if there were better cooperation at European level.

26. The draftsman has not seen any evidence which suggests that a causal link or even a significant correlation can be established between the existence of structures for regional planning and either the general economic development of a member state or its harmonious regional development. The number of variables, both internally and externally determined, affecting development are too numerous and diffuse in their effects to make it possible to isolate the role of a single variable.

Regional Development Programmes

27. The second aspect of my theme is the role of Regional Development Programmes (RDP's). Mr Potschki reported to the Committee in 1985 on this matter and was rather scathing in his comments. He argued that the coordination of member states' regional policies was rendered more difficult by the lack of a standard form for the RDP's submitted to the Commission. He wanted member states to be more explicit and transparent in determining their priority development areas. The Commission has also been critical of the member states in its published opinions and it is likely that both it and Parliament largely agree on the importance of RDP's; the problem lies with the member states.

28. While the new emphasis placed on social and economic cohesion by the Single European Act has increased the importance of the RDP's, it is possible that the virtual withdrawal of ERDF aid from certain member states will make it more difficult to influence the regional policies of those states.

29. Regional Development Programmes are required by Article 2(3)a of the ERDF Regulation which states that:-

Member states shall communicate regional development

programmes to the Commission, and any amendments to them in the case of regions and areas receiving aid eligible for assistance from the ERDF. Such programmes shall be prepared in accordance with the joint outline drawn up by the Regional Policy Committee. The regional authorities concerned shall be involved as far as possible in their preparation.

30. RDP'S are thus given considerable importance in the legislation governing the ERDF. In addition, the Regional Policy Committee has published an outline for the Regional Development Programmes.

31. The outline specifies that regional development programmes should have five chapters:

1. - economic and social analysis, which reveals the main socio-economic problems and their causes,
2. - development objectives quantified where possible with for example an indication of the number of jobs to be created but also qualitative considerations such as "the attitude of the population to industrial activity;
3. - measures for development, including both policies with a specific regional development vocation and other policies;
4. - financial resources,
5. - implementation, setting out the authorities and agencies to which tasks are allocated;

32. The Commission has delivered two published opinions on the RDP's on 23 May 1979 (First Series) and 19 June 1984 (Second Series). The principal comments on the Second series were as follows:-

Social and economic analysis:

The implications of national or community policies - other than regional policy - have not yet been taken sufficiently in to account in the analyses.

Development objectives:

The programmes generally contain either objectives for future job creation, or estimates relative to employment deficits, at the end of the programme period. The other objectives for regional development are set out in qualitative terms. As far as objectives for infrastructure are concerned, it is not shown what

links exist between the development of the regions and the foreseen infrastructure investments, which of a general manner are preconditions to regional development.

Development measures

The programmes do not indicate clearly what is the priority rating of the many measures mentioned.

Financial resources:

Information is not always given in an individual format for the ERDF regions.

Implementation:

The programmes give detailed information on agencies or institutions responsible for the carrying out of the programmes.

33. As a general conclusion the Commission states that 'the "second generation" programmes taken as a whole represent a substantial improvement on those for the preceding period. They improve the conditions in which evaluations of the investment projects presented by the member states for ERDF assistance are made.

34. The Commission considers that a more precise definition of priorities would facilitate the coordination of the orientation and priorities of community and national regional policy.

35. The RDP's are instruments of regional policy rather than regional planning. that is they are used in the application of ERDF aid rather than the assessment of spatial effects. Before a member state may receive any assistance from the ERDF it must have submitted a RDP to the Commission. Although its preparation clearly represents a considerable administrative burden to the member states the fact that the absence of a RDP means that no aid can be received is a powerful incentive. Other provisions such as that of Article 2(3)b requiring a report on the implementation of the RDP every two and a half years are less well respected.

36. The Commission uses the RDP's as an executive instrument in the sense that any request for aid must be tested against the priorities set out by the member states in the RDP. The objective is to ensure that once an RDP is approved the member state adheres to the broad strategy for regional development which it contains.

37. A point which must be resolved concerns the degree of detail to be included in the RDP and the their binding character. The

published RDP's are documents which set out general priorities such as job creation and it is therefore fairly easy to demonstrate that individual projects are compatible with the RDP. If however a greater degree of precision were required it is possible that the credibility of the RDP's would in fact suffer and the Commission would find it even more difficult to ensure compliance with the timetable laid down in the regulation regarding RDP's.

38. In this working document the rapporteur has summarized legislation and previous work and posed a series of questions. With the "Major theme" of regionalisation the Committee is entering a new field where many of the questions raised are not susceptible to glib answers. In some ways our programme of work would be more suitable for a think-tank. The forthcoming hearing should help to resolve some of the points raised.

The draftsman would nevertheless at this stage suggest the following draft conclusions for members to consider.

39. Conclusions

The draftsman would request the rapporteur to take account of the following points in the final motion for a resolution:

(i) regional planning at European level is an important element in the mosaic of measures required to encourage social and economic cohesion in the European Community;

(ii) the Commission in its proposal to reform the ERDF Regulation should extend the role it plays in the domain of regional planning so that it is empowered to assess the effects which large infrastructure projects have on the Community as a whole.

(iii) where elements of a large infrastructure programme have a Community interest over and above the national interests concerned in the project the Community should examine the appropriateness of contributing to such projects through its structural funds in particular the ERDF;

With respect to Regional Development Programmes (RDP'S)

(v) RDPs are an important means of establishing a framework which is examined and approved at Community level and within whose boundaries individual projects and programmes can be examined so as to ensure that they all serve to promote the priorities established by member states in their RDPs;

(vi) While RDPs should be more precise and contain more information on the effects of past programmes and on the effects on regional development of national and other Community policies, the Parliament is aware that making such programmes too administratively burdensome to the Member States could lead to delay in presentation and to a decline in the reliability of the data and information provided.

COMMUNITY POLICY AND REGIONAL PLANNING

COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

REPORT 4

in the context of the major topic:

'Community regional policy and the role of the regions'

on

Regionalization in the Community
as a factor of regional development

Rapporteur: Mr T. O'DONNELL

20 October 1988

I. INTRODUCTION

REGIONS AND REGIONALIZATION

1. In view of the plethora of possible definitions of the word REGION, we would define the term thus:

'By "region", is meant a territory which constitutes, from a geographical point of view, a clear-cut entity, or a similar grouping of territories, whose population possesses certain shared features and wishes to safeguard the resulting specific identity and to develop it with the object of stimulating cultural, social and economic progress.'

'Shared features' may be taken to mean language, culture, historical tradition, religions, beliefs and interests related to the economy and transport. Of course, not all these elements are present in every case.' (1)

2. By regionalization we mean, according to the resolution of the Council of Europe:

- the establishment and reinforcement of large-scale territorial authorities on the level immediately beneath the central government;
- their endowment with a comprehensive regional sphere of activity, within which they operate largely on their own responsibility or have broad rights of participation, including in particular the fields of regional and economic planning, cultural policy and the provision and promotion of such facilities as are required by the regional community;
- extensive combination of existing state authorities of equivalent level with these highest regional units of government and the transfer of appropriate central government functions to these units;
- the establishment of directly elected representative assemblies which participate directly in the decision-making process, and of an adequate administrative apparatus of their own;
- their endowment with legislative powers;
- their endowment with independent budgetary powers, including a share of general tax revenue.

(Resolution 67 (1970) of the Council of Europe, on the problems of regionalization in Europe; Bordeaux Declaration (1978) on the same subject; Resolution 117 of the Fifteenth Session of the Conference of Local and Regional Authorities of Europe (of the Council of Europe), 12 June 1980).

3. Regionalization stems from a great variety of causes, but the common denominator is usually a desire for self-government on the part of communities which feel a strong sense of identity. Economic motives - principally the planning of economic development - have acquired particular importance in recent decades, but they cannot supplant the fundamental impulse.

(1) Definition employed by the International Institute for the Rights of Ethnic Groups and for Regionalism, Munich, in a draft convention between the Member States of the Council of Europe, which was never approved.

4. Regionalization and European integration are complementary, not opposing processes. States which have succeeded in integrating rather than excluding different cultures and civilizations have attained the highest levels of welfare and quality of life.

European integration will be solidly based if it rests on the multiplicity of cultures and peoples that constitute Europe. Regionalization would permit the communities which exist within the different Member States of the European Community to participate in decision-making processes and enjoy a measure of self-government.

5. Regionalization, in addition to its undoubted political advantages, could stimulate regional development.

II. REASONS FOR EXTENDING REGIONALIZATION WITHIN THE EUROPEAN COMMUNITY

6. Amongst the political and cultural reasons for extending and strengthening regionalization throughout the whole of the European Community, the following are of particular note. Regionalization would provide:

- a way of meeting the legitimate aspirations of the communities which exist within the Member States to organize and govern their own affairs, thereby preventing the feeling of subordination and exclusion which can be experienced in monolithic centralized states;
- a channel for all kinds of initiatives and concerns which might be hampered by the remoteness of central government;
- a way of fostering effective popular participation in the policies carried out in any given region;
- a means of coordinating sectoral policies in a given region;
- structures which would encourage the appearance of leaders and politicians associated with the region;
- political mechanisms at the service of the region;
- a system which would guarantee adequate representation of the legitimate interests of the regional community, and ensure that influence over decision-making at central government level was not the exclusive preserve of pressure groups.
- a means of encouraging and supporting minority and regional languages, and regional culture, traditions and creativity.

7. On an economic level, there are many factors in favour of regionalization:

7.1 Regionalization would give development a specific territorial focus, avoiding an over-abstract conception of development.

7.2 Regionalization provides the inhabitants of a given region with the appropriate forum in which to express their wishes. This applies as much to the decision on what public services should be established as to the characteristics those services ought to possess.

- 7.3 Regionalization could and should enable all action taken by the public services to be coordinated on the basis of overall objectives, instead of the usual lack of coordination between the economic measures taken by the different ministries and public bodies active in the region.
- 7.4 Regionalization would stimulate economic development by making the regional government responsible for creating a favourable economic climate for the establishment of new businesses in the region, and likewise for the deployment of increased financial resources for development.
- 7.5 Regionalization would circumvent a blanket definition of development, allowing instead for development adapted to specific natural and cultural developments.
- 7.6 Regionalization would provide greater economic efficiency, in that funds would be assigned in a manner which reflected more accurately the wishes of local people. Such wishes would be expressed through mechanisms allowing involvement in the planning and implementation of regional development programmes, an involvement which would also help stimulate a spirit of active collaboration amongst those benefiting from the programmes. This would, moreover, enable goals to be fulfilled in an equitable manner, which mere action by pressure groups cannot guarantee.
- 7.7 Regionalization would revitalize the economic and cultural life of the region, preventing the otherwise inevitable migration of the intellectual elite to the central metropolis.
- 7.8 By encouraging regional governments to imitate and collaborate with one another, regionalization would enhance economic efficiency. At the same time there would be a number of different centres involved in generating public wealth and preparing development strategies.
- 7.9 The region is the appropriate framework for planning and developing such services as education, transport, sport, employment, etc.
- 7.10 Regionalization would encourage more ambitious and diversified regional incentive policies, as experience has already shown in the Federal Republic, Italy and Spain.
- 7.11 Regionalization would encourage the establishment of redistribution mechanisms aimed at reducing the economic imbalances between the regions of a given state. In both federal and regionalized states there is a flow of public funds between regions in favour of the weaker regions. The mechanisms vary widely, but the common denominator is to be found in their transparency and effectiveness, as comparative studies have shown. (See for example the Commission's report on the role of public finance in European integration, Studies: Economic and Finances Series B 13, 1977.)
- 7.12 Regionalization would mean that better quality and more realistic regional development programmes could be drawn up, as is proved by the programmes submitted by the Community's regionalized Member States within the framework of the ERDF.

- 7.13 Regionalization would facilitate the planning and implementation of the Community's regional policy, especially of projects based on developing the endogenous potential of the regions. It would also encourage the establishment of productive activity and of permanent regional development agencies, which would be in accordance with the European Community's regional policy guidelines.
- 7.14 The region is the level at which a balance is struck between excessive dispersion and the paralysing concentration of national instances. It is particularly necessary in the underprivileged areas where, by a regrouping of efforts and resources, it will make possible a more effective defence of the interests of poorer communities at national and European level. Far from causing a waste of energy, regionalization can provide the means of unleashing and coordinating energy, operating to universal advantage. It is the means of avoiding the twin evils of apoplexy at the centre and paralysis at the extremities. (1)
- 7.15 At a time when there is a growing danger of over-development and over-population of the central zones, regionalization and decentralization are an essential contribution to preserving the environment and the quality of life. (1)
- 7.16 When national states allow regions of different countries to reach agreements and implement joint programmes, transfrontier cooperation is greatly benefitted. An interesting experiment, which could serve as a model for the European Community, is to be found in the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities, sponsored by the Council of Europe. (1)

8. In the light of the above it may be concluded that from the viewpoint of economic development and the need to reduce regional imbalances, there can be no doubt that regionalization is a positive factor.

However, it would be Utopian to postulate a cause and effect relationship between regionalization and economic development. Development is dependent on a whole series of factors, and, of these, regionalization (or federalization) is not one of the most decisive.

Nevertheless, history demonstrates that, generally speaking, the economic level of federalized states is high. While the model of the regionalized state is as yet too recent to allow definitive conclusions to be drawn, the federal model does serve as a point of reference given the convergence of these two types of state organization.

In order for regionalization to produce positive economic results, what must be avoided is the creation of agencies devoid of real power and with no solid financial base. All they would achieve is another level of bureaucracy, and an ineffective one at that.

(1) Bordeaux Declaration, Council of Europe Convention on Problems of Regionalization, 1987

III. REGIONALIZATION IN THE COMMUNITY COUNTRIES

BELGIUM

9. There are three regions (Flanders, Wallonia and Brussels) and three cultural communities (French, Dutch and German-speaking).

From 1830 to 1970 Belgium was a centralist state. In 1970 a revision of the Constitution divided the State into three cultural communities and three regions. The cultural communities were provided with the necessary legal status by a law of 1971, and since then each of them has possessed its own institutions (Council and Executive) as well as responsibilities for cultural matters, education, social welfare and the fostering of its own language.

On the other hand the regions were created only ten years later by the law of 8 July 1980. They likewise have their own Council (Parliamentary Assembly) and Executive. The Flemish region decided to unite the Councils and Executives of the 'cultural community' and the region. The problem of what institutions to provide for the Brussels region was not resolved by the reform in question and remains to be settled.

The responsibilities of the regions relate principally to the environment, planning, natural resources and economic development. Their budget in 1983 was limited to 3.65% of the total State budget. Their income comes primarily from State grants, although they do have certain financial resources of their own at their disposal.

A new Law - of 8 August 1988 - has substantially amended the 1980 Law, extending the regions' powers in areas such as economic policy, public works, transport, local-government finance, the setting up of public enterprises and regional-government staffing. Given the importance of the regions' new powers, the new law has set up machinery for handling cooperation between central government, the communities and the regions.

In recent years, Belgium has gone a considerable way towards thorough-going regionalization.

ITALY

10. Regionalization in Italy is amongst the oldest to be found in the Community. The regional form of organization was created by the 1948 Constitution. Despite what the Constitution laid down, political reasons held up the creation of the regions for many years. The fifteen regions endowed with an 'ordinary statute' were created only after 1970, and until 1977 (Presidential decree of 24 July 1977, No. 616) they were not allocated powers and responsibilities. The five 'special-statute' regions, which reflected special historic and cultural conditions, were set up between 1946 and 1963. These are Sicily, Trentino-Upper Adige, Val d'Aosta, Sardinia and Friuli-Venezia Giulia. There are also two autonomous provinces whose areas of responsibility are similar to those of the regions.

All the regions possess three institutions: the Council (legislature), the Regional Government (executive) and the President of the Government. The Council is the legislative body, participating in national political life, although to a more limited extent than in federal systems such as that of West Germany. In the regions set up under ordinary statute, the Council has certain administrative powers.

All the regions have legislative powers but in the ordinary-statute regions these are 'concurrent' in character, while in the special-statute regions they are 'exclusive'. Basically, the powers of ordinary-statute regions are limited to local police, vocational training, public welfare, health, museums, town planning, tourism, local transport, and agriculture (Article 117 of the Constitution). On the other hand, those regions which have a special statute also possess powers in respect of industry, trade, social affairs and education.

All the regions have financial autonomy, although in practice their own resources are very limited. The bulk of their budget is based on State grants from the Common Fund, the Fund for financing regional development programmes, and the numerous sectoral funds (health, agriculture, etc.).

The Italian regions participate in national economic planning to a very limited extent, but within their own areas of jurisdiction they play a role in regional economic planning.

FRANCE

11. Until recently, France was the European country with the most highly developed and widely projected model of unitary, centralized territorial organization. In 1969 a confused referendum organized by President de Gaulle rejected a regionalization programme which would have set up a regional assembly and provided the regions with areas of responsibility and economic resources. The rejection of this proposal probably had very little to do with the programme itself, which had to be voted on jointly with a very unpopular reform of the Senate.

Despite this initial setback, a certain degree of political consensus enabled a law (No. 82/213 of 2 March 1982) to be passed in 1982, reforming the previous law of 5 July 1972 which had already created a division into regions.

In recent years administrative bodies have been set up in 26 regions, of which Corsica, the Overseas Departments (Antilles, Réunion and Guyana) and the Ile de France enjoy special provisions.

The regions have three administrative bodies:

- the Regional Council, a body elected by universal suffrage, but of a merely consultative and not legislative nature;
- the President of the Regional Council, an executive elected by the Regional Council, like the Vice-Presidents and the members of his Cabinet;
- the Economic and Social Committee, a consultative assembly comprising representatives of trade unions, organizations and prominent local people.

The regionalization undertaken by France has brought about a redistribution of powers between the local councils (36 000), the departments (101) and the regions (26). The laws of 7 January 1983 and of 22 July 1983 govern this sharing of responsibilities. The principal areas of responsibility allocated to the regions are: overall regional planning, economic development (regional incentives), education and vocational training (grammar schools, special education facilities and less important aspects), natural parks, social affairs, health, town planning, culture, research programmes, etc.

In 1985 the regional budgets amounted to FF 17 billion.

SPAIN

12. Under the influence of the historical antecedent of regionalization under the IInd Republic (1931-1939) and strong popular pressure from the internal nationalist movements, the 1978 Spanish Constitution set up a system of 17 'Autonomous Communities'. The legal basis of these Autonomous Communities (AC) is provided by the statutes of autonomy, which have the status of organic laws and lay down the territorial boundaries, the institutions and the powers of the Autonomous Communities within the limits of the Constitution.

Building on a certain historical tradition and reflecting the varying degrees of nationalist feeling within the different areas, the Constitution and the organic laws deriving therefrom set up two types of regions: those of the first degree (Catalonia, Andalusia, the Basque Country, Galicia, the Canaries and Valencia) and those of the second degree (the remainder). The powers of the Autonomous Communities of the second type were, in principle, to be brought into line with those of the first type within five years, but this period has elapsed, and, in view of the political resistance to jurisdictional equality, a considerable delay is now foreseen.

The institutions of the ACs are as follows:

- a Legislative Assembly: a single chamber whose members are elected by direct universal suffrage; it possesses legislative and budgetary powers;
- executive bodies: the President and the Government Council of the Autonomous Community; both are executive bodies, the President being elected by the Legislative Assembly from amongst its own membership.

The areas of responsibility of the Autonomous Communities are of two kinds: exclusive and shared. The former are those areas over which the AC has legislative and executive jurisdiction. In many cases the State has reserved the right to establish the basic legislation, particularly in economic matters. Article 148.1 of the Constitution and the statutes of autonomy list these areas of responsibility: agriculture, town and country planning, environmental protection, economic development, tourism, culture, social welfare, health and hygiene etc.

The shared areas of responsibility are those in which the ACs can develop State laws by means of legislation or regulations, in which it is merely required to implement, as is in the case of labour legislation, social security, the media, administrative procedure, fisheries, etc.

The ACs are financed above all from the revenue from taxation ceded to the ACs by the State - although collected by the latter - as well as by the transfer of a percentage of State tax revenue and by participation in the inter-territorial compensation fund. There are few possibilities for creating own tax resources or increasing State taxation. The financial powers of the ACs are inferior to their legislative powers. At present their total budget represents 25% of public finance (60% from the State and 15% from local bodies).

In conclusion we can say that the process of regionalization is advancing at a much more rapid rate in Spain than in the other Mediterranean countries. It is a dynamic and as yet unfinished process, since the Constitution allows for very large-scale transfers of powers, greater even than those which exist in federal states. Today the level of responsibility possessed by the Spanish

regions is already on a par with that in many federal states. The greatest danger is the possibility of a halt in the process of transferring power to the 'second degree' regions, since as the five-year period laid down for the increase in powers has passed, there are signs at a political level which indicate that the process may have stagnated and that the difference between first and second-degree regions will be perpetuated.

PORTUGAL

13. In Portugal there are no regions with their own legal status and jurisdiction, with the exception of the Azores and Madeira.

The 1976 Constitution (Title VII) provided for the creation of regions and even their areas of responsibility and administrative bodies. So far this constitutional mandate has not been fulfilled, despite various legislative initiatives which have attempted to launch the process of regionalization.

The bodies provided for in the Constitution are: the Regional Assembly, the Regional Committee and the Regional Council. The Regional Assembly is to comprise 50% directly elected members and 50% elected by the 'municipal assemblies'. The Regional Committee is the executive organ to be elected by the Regional Assembly. The Regional Council is a consultative body, comprising representatives of cultural, social, economic and professional bodies organizations (Art. 261 of the Constitution). Somewhat similar to what is laid down for the regions of the Azores and Madeira, the Constitution provides for a government representative in each region, to be appointed by the Council of Ministers. With regard to jurisdiction, the Constitution provides only for participation in the preparation and implementation of the Regional Development Plan, support for the municipal authorities in drawing up their respective plans, and the running of public services (without specifying which). The future regions will correspond, geographically, to the existing planning regions.

It should also be noted that the Constitution provides for other kinds of autonomous regional government. It may be of significance that the 1982 constitutional reform removed the reference to 'regional statutes' and replaced it with the word 'laws' (Art. 256), which may have been a precaution against highly pro-autonomy ideas.

At present Portugal is divided into 18 'administrative districts' with an average population of 516 000 inhabitants. Each one comprises an average of 15 local councils and has a civil governor and a district assembly chaired by the former, comprising delegates from the local councils. These districts possess minor powers outwith the local sphere, similar to those of the Italian and Spanish provinces. Local in character and in no way comparable to regions, they will vanish when the regions are set up.

There is also a regional division used purely for the purposes of programming economic development: it comprises the five regions of the plan (North, Centre, Lisbon and the Tagos Valley, Alentejo and Algarve). These are laid down in Article 95 of the Constitution and form the requisite geographical bases for the Committee on Coordination, which is responsible to the Ministry for Planning and Territorial Administration, to draw up its plans for economic and social development.

The Azores and Madeira autonomous regions possess Regional Assemblies with 41 and 53 members respectively, elected by direct suffrage. These are legislative and decision-making bodies, and at the same time have a consultative function for the national administration with regard to questions concerning these regions.

The Regional Government of these autonomous regions is the executive body of the regional administration. Its President is appointed by the Minister of the Republic. The Minister of the Republic for the Azores and Madeira regions is not a regional official but a representative of the State. He exercises a certain amount of control over these regions and coordinates their activities with the State authorities.

The legislative powers of these regions are limited. They possess administrative powers in the fields of economic and social development, town planning, social services, environment, health, agriculture, education, fisheries, employment and traffic.

Political interest in regionalization is growing in Portugal and there are signs that the process will be carried further in the near future. From what is laid down in the Constitution and from the programmed disappearance of the districts, the Portuguese regions may be expected to enjoy wider powers than their French counterparts, although they will be basically of an administrative nature and therefore inferior to those possessed by the Italian special-statute regions or by the Spanish regions.

GREECE

14. Greece is another country where centralism is traditionally strong.

Until the constitutional reform of 1986, the only supra-municipal territorial division was the system of 'Nomoi' or districts. There are 51 of these with an average population of 183 500. Each one comprises 5 towns and 113 rural councils. These bodies belong to what is called the 'administration of the periphery'; they represent central government and supervise local organizations.

On 7 July 1986, the Greek parliament approved a law (No. 1622. OJ No. A 92) developing the constitutional reform which allowed secondary level local bodies to be set up. This law governs the setting up of 'departmental authorities' and 'regions'.

Under the new legislation, the 'departmental authorities' have a certain amount of jurisdiction in matters of economic planning, social welfare, health, transport, culture, environment and town planning, agriculture, employment, industry, trade, education, sport, tourism, extended education and youth. Despite the length of the list, their effective jurisdiction is very limited, consisting above all of promotional and supervisory functions and the power to put forward proposals.

The principal organs of these departmental authorities are the Council, 75% of whose members are elected by universal suffrage, the remainder comprising representatives of professional, scientific and cultural organizations and of the central administration - the Departmental Committee, which acts as executive and the President of the Departmental Council.

These departments no longer exercise their former control over municipalities. Their principal functions are the planning of economic development within their area and participation in local development plans.

The same law divides the country into 'regions'. Despite their name, these do not share the political character of the Italian, Spanish, or Belgian regions. They are of mixed composition, the Regional Council comprising representatives of local, departmental and central bodies (prefects). The administrative organization of these regions is extremely simple and they lack budgetary autonomy, the appropriations required for their running being incorporated into the budget of the Ministry of the Interior.

The regions have an important role in drawing up medium-term regional development plans, although these have to be approved by the Ministry of the Economy. The regions are also involved in allocating the finance provided for in the public investment programme for the departments and municipalities.

Greece has thus taken a first step towards regionalization, but it has not set up directly elected bodies endowed with real self-government. Basically, what has been introduced is a certain regionalization of the work of the various levels of the Greek administration, above all in the field of economic development planning.

THE NETHERLANDS

15. There are no regions in the Netherlands, in the sense employed in this report. The administrative structures which exist between the local and State levels comprise 11 provinces, 2 'regions' and 51 'collective statute regions'. Despite their names, all of these are basically local in character.

The provinces account for the whole of the national territory, with the exception of certain small areas. Each has a Provincial Council - an assembly elected for four years by direct suffrage - an Executive Council and a 'Queen's Commissioner' who chairs the Executive Council. Although they possess certain legislative powers, their responsibilities are basically limited to carrying out such tasks as supervision of local organizations, providing administrative services in town councils, administration of roads, electricity, etc. They also have a role in planning. Their small budget, 17% of the total budget for local councils and 2% of the central government's, gives some idea of the true extent of their powers.

The so-called 'regions established by law' possess legal personality, but their existence is finite. They do not cover the whole of the national territory and require Crown intervention in order to develop further. The regions in question are the 'Bouches du Rhin public authority' and 'Greater Eindhoven', established by law in 1964 and 1976 respectively. The former is only 660 km² in area, with 1 036 000 inhabitants, and the latter 454 km², with 463 000 inhabitants.

- The 'collective statute regions'

These number 51 and are governed by a statute which requires the agreement of the provincial Executive. Their organization is similar to that of Dutch local authorities. They possess a Regional Council, a Regional Executive and a Regional President.

Their powers are delegated to them by the local authorities and are usually limited to working with the local authorities. Despite their name they have the character of local organizations. Some of them have certain powers in the sphere of planning, and half of them are empowered to draw up plans for land development.

DENMARK

16. Denmark is divided into 14 'Amtskommuner' (administrative units). The size of the country (5 100 000 inhabitants) means that the Amtskommuner represent the only administrative bodies between State and local council level. Their average size is 3 070 km² with an average population of 322 000. They comprise an average of 20 local authorities each. They have legal personality, and their principal organs are :

- the 'Amsradet', whose members are elected by direct suffrage;
- the 'Amsborgmester', who heads the administration and is elected by the Amsradet.

They also possess a committee to deal with economic affairs and with planning (Økonomiudvalget) and other committees.

Their principal areas of responsibility lie in land development, hospitals, social establishments, transport, secondary education and the environment. The total budget of the Amtskommuner represents 10.2% of all Danish public administration spending.

There is also the 'Greater Copenhagen City Council' which brings together two cities (Copenhagen and Frederiksborg) and four Amtskommuner from the area around the Danish capital. It has an assembly elected by indirect suffrage. Its areas of responsibility are limited to planning and traffic.

Coinciding with the Amtskommuner administrative units, the State administration has 14 'Amter' or State constituencies.

Although the percentage of the Danish budget allocated to the Amtskommuner is, in respect of the total budget for public administration, similar to that of the Italian regions and provinces put together, it would be difficult to compare this territorial division with the regions in the countries examined above. In terms of both dimensions and powers, which are highly executive, they are more comparable with Spanish or Italian provinces.

Greenland has a special administration reflecting its particular characteristics (2 175 600 km² and just over 50 000 inhabitants). Administratively, Greenland is divided into three districts (Western, Northern and Eastern) and 18 local authorities. The Greenland Council is a political assembly with 5 Greenland Members and 5 Danish Members. There is also a 'Greenland Technical Organization' to supervise the implementation of projects. The administration of this country cannot be considered as truly autonomous, given the areas of responsibility assigned to the Greenland Ministry and other central government ministries. However, the Greenland Council does play a certain consultative role in drawing up the Regional Development Programme.

GERMANY

17. Under the Constitution (the Grundgesetz of 1949) the FRG is a federal State consisting of 8 federal States and 2 city States (Hamburg and Bremen). The federal structure was imposed on the Constituent Assembly in 1948 by the victors in the Second World War, but it does correspond to German historical tradition (the German Confederation of 1814, the North German Confederation of 1866, the 1871 Constitution and the Constitution of the Weimar Republic of 1919). Rejection of the unitary model of the National-Socialist dictatorship can be seen as further reason for taking the federal option.

The eight Laender vary greatly in size: from 70 547 km² (Bavaria) to 2 568 km² (Saarland). The average area is 4 924 km² and the average population 2.17 million.

The government of the Laender displays the traditional separation of powers. Legislative power resides in a parliament (provincial Diet or Landtag) elected by direct suffrage. Bavaria is the only Land which also has a Senate, which comprises representatives of the various social, economic, cultural and municipal groups.

The so-called 'provincial governments' (Landesregierungen) exercise executive power. The head of government is the President of the Council and the members of his government are called ministers. In the majority of the Laender the appointment of ministers is subject to confirmation or approval by the Landtag.

Unlike most regionalized states, the German Laender also have jurisdiction over the courts, with the exception of the High Courts.

In accordance with the principle of 'residual powers' which is characteristic of federal States, the Laender are responsible for all legislative and executive matters not expressly assigned to the Federal Government. In regionalized States, the reverse principle normally applies.

The Federal Government is exclusively responsible for international affairs (with certain limitations with regard to the European Community based on the recent law ratifying the Single Act of 1986), defence, passports, currency, air transport, customs, postal services, etc. Following a formula later adopted by the Spanish Constitutional Tribunal, the Laender may legislate in areas where both they and the Federal Government have jurisdiction, when the Federal Government does not exercise its legislative prerogative. Such areas include civil and criminal law, social security, agricultural production, labour law, road traffic, the environment, etc. The Bund (Federal Government) may also approve framework regulations governing certain areas. The legislative power of the Laender is thus subject to significant limitations. Fully under the jurisdiction of the Laender are legislation on education, general administrative law, laws governing local organizations, building and planning law, taxation not reserved for the central government and internal administrative and financial organization.

The general responsibility of the Laender for implementing their own laws and the bulk of those of the Bund has considerable importance. It prevents the unnecessary duplication of bureaucracy and provides the Laender with an enormously strong power base. Administration by the Federal Government is reduced to an absolute minimum (defence, frontiers, air transport, international affairs, etc.).

The percentage of the budget for the Laender as a whole is almost the same as that for the Federal Government (47% and 53% respectively). If the budget for local authorities and groups of authorities ('Kreise') is taken into account, the percentage (1978 statistics) was 58%, with only 42% going to the Federal Government.

Although there are indeed differences between a federal state structure on the German model and the territorial organization of the regionalized States, they are not very great. In recent years the new international economic order has obliged all the western world's federal states to remove certain economic areas of responsibility from the jurisdiction of their federated states. When this is set alongside the gradual extension of the powers of the regions in the regionalized states, it can be seen that with regard to their powers the two systems are drawing ever closer together. Today a German federated state can be seen as an administrative unit with greater powers than the special-statute regions of Italy or Spain, but of an essentially similar nature.

IRELAND

18. The territory of Ireland is not organized in autonomous regions; it is divided into 27 counties, with legal personality, which are parts of the local government system, with an average area of 2 600 km² and an average population of 90 400.

The counties possess

- a Council of 20 to 46 members elected for five years to discharge political and administrative duties;
- a County Manager appointed on a proposal from the Local Appointments Commission (a central body), who discharges executive duties.

The areas of responsibility of the counties are basically to support and complement the local councils (fire-fighting, roads, etc.), with greater responsibilities in areas which do not belong to an urban district. They have budgetary autonomy.

In addition to the counties, there are four county boroughs: Dublin, Cork, Limerick and Waterford.

The eight Health Boards, comprising delegates from the County and County Borough Councils, are closer in size to the regions in the other Member States.

With a view to regional development, the country has been divided into regions grouping together counties, but without a formal basis in law.

One region, the Mid-West, has a special non-elected development agency - Shannon Free Airport Development Company (S.F.A.D.Co.) - which was established in 1959 to promote passenger and freight traffic at Shannon airport and to promote industrial and tourism development as well as the development of the indigenous resources of the region.

The exceptional success of S.F.A.D.Co. in the Mid-West region clearly demonstrates that regional development bodies can successfully promote their region nationally and internationally and stimulate the fullest use of the regions' indigenous resources and the capacity for enterprise of its

inhabitants. A recent OECD report on 'Innovation Policy' commented in the case of Ireland that 'the experience in the Mid-West constitutes a useful precedent for the successful conduct of the process of decentralization and the creation of conditions needed for promoting innovation and setting up new firms.'

There is considerable discussion going on in Ireland concerning the possibility of setting up a regional structure. A report on the Regional problems of Ireland presented to Parliament in October 1987 by John Hume pointed out that government is highly centralized in Ireland and that there are no regional authorities with executive, administrative and planning powers between central government and the existing local authorities.

The Hume report recommended the devolution of powers to a number of regional authorities and a strengthening of the role of existing local authorities, based on a rational allocation of functions between levels of government and that such devolution should be accompanied by adequate financial means to ensure the objectives of releasing local energies and encouraging citizens to participate in the realization of economic objectives for their regions.

The Irish Government recently announced their intention of introducing integrated regional development programmes throughout the country but there is as yet no indication of the actual regional framework which the government will utilize to give effect to the integrated regional development programmes. It is reasonable to assume however that there will be a reform of the existing local government structure and possibly the creation of a new regional structure.

UNITED KINGDOM

19. Although there were considerable structural changes in the organization of local and municipal authorities in the early 1970s, regionalization in terms of political devolution from central government to an intermediate level of elected bodies has not achieved a sufficient level of popular support for it to be brought to fruition.

England has no geographical regions with a historically separate identity and there has been no large-scale movement to achieve a separate political status for any English region. In Scotland and Wales, on the other hand, nationalist parties exist and a strong body of political opinion has pressed for devolution to elected 'regional' assemblies. Referenda organized in 1979 did not achieve the special majority required for the process of devolution proposed at that time to be carried through, but the issue has recently returned to importance following the results in the last general election in the UK and in particular those for Scotland.

In Northern Ireland, on the other hand, an elected regional assembly did exist from 1921 to 1972. Because one section of the population rejected the constitutional settlement and no agreement could be reached on equitable power-sharing arrangements, the position became untenable. As a result, the Stormont parliament was dissolved and government responsibilities were assumed by Westminster. Northern Ireland is now governed from the Northern Ireland Office - a central government department - more absolutely than are Scotland and Wales by the Scottish and Welsh Offices. Furthermore, the dependence of Scotland and Wales from central government in London is compensated to some extent by the over-representation of these two countries in the Westminster Parliament. Such is not the case for Northern Ireland.

Aspirations for regional governments in Scotland and Wales are rarely given formal shape. There is strong resistance to a transfer of powers concerning, for example, land use and economic planning up from the level of local government as well as dispute over the precise nature of powers to be devolved from central government.

At the administrative level a high degree of devolution already exists and not just for Scotland and Wales where the interest of central government ministries are gathered together by separate 'regional' ministries with offices both in the regional 'capital' and in London. Most ministries with a territorial interest have regional offices and many public utilities and nationalized industries are organized on a regional basis, as is the National Health Service. However, boundaries of the regions as defined for different purposes rarely coincide.

In regard to economic development, elected local authorities at county and borough council levels frequently have departments closely involved in promoting local economic development. The banding together, however, of several councils to form a joint front on behalf of their region is rare, although at the technical level development agencies covering a whole region are becoming more common. The most successful of these is probably the publicly-funded Scottish Development Agency, established in 1976, but Wales received its own agency at the same time and more recently five agencies for the English regions, such as that for North-West England ('Inward', 1985), have been established especially to promote inward investment. Development agencies are also proliferating in England such as the 'Northern Development Company', which has recently absorbed the regional body responsible for attracting inward investment and aims to promote industrial development and economic regeneration in the North of England (North-East and Cumbria). Such 'general' agencies established with central government funding should be distinguished from the three hundred or so local enterprise agencies, which aim more specifically to promote 'indigenous' enterprise, and from the recently-established 'urban development corporations' which aim to regenerate inner cities through partnership between public and private sectors. The general agencies such as the Scottish and Welsh Development Agencies provide investment funds, factories and business advisory services to assist new ventures, as well as helping existing companies. For England, the organization 'English Estates' overlaps to some extent with the new bodies.

Although these organizations have been established with the support of public funds, they are not responsible to regional elected councils. There is a growing consensus in the United Kingdom that such bodies are useful for promoting economic growth in the regions, but the degree of control devolved to them remains strictly limited and it is not yet possible to show a direct link between an improved rate of regional economic growth and the establishment of a local development agency.

LUXEMBOURG

20. In Luxembourg there are no regional bodies between central government and the local authorities. Central government is run on the basis of three districts - national constituencies without a specific, separate identity - and 12 cantons. There are also 118 municipal authorities. Luxembourg has a total population of 360 000 inhabitants. The country's small size makes any form of regional division unnecessary.

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COMMITTEE ON REGIONAL POLICY AND
REGIONAL PLANNING

REPORT 5

on the major topic

'Community regional policy and the
role of the regions'

on

The democratization of regional policy in the
Community and the creation of a Council of the Regions
(Doc. 2-1545/84)

Rapporteur: Mrs A. ANDRE

20 October 1988

INTRODUCTION

The regional situation in Europe can be read and interpreted in the light of different, yet complementary, approaches:

- the historical approach, which examines the development of the component parts of the European continent, from the fragmented Europe of the early Middle Ages via the Europe of nation states of the nineteenth century to the present resurgence of regionalism;
- the cultural approach, which emphasizes the importance of features of regional identity such as language for the resurgence of regionalism and for current regional trends in economy, technology and politics;
- the political and administrative approach, which examines the status of regions in the different countries of Europe, together with their capabilities, activities, financial resources and relations with higher and lower levels of administration;
- the socio-economic approach, which can reveal similarities and differences in the levels of development of the various regions of Europe, emerging trends and impact of changes in the world economy or progress towards European integration;
- the 'changing society' approach, which makes it possible to recognize the regulatory mechanisms best suited for development at regional level in the light of the challenges and opportunities inherent in the changes taking place in European society and its international environment.

Clearly, regions in different countries, and sometimes even within one country, vary enormously. Nevertheless, they have enough in common to justify the definition laid down by the Council of European Regions: 'Regions' shall be taken to mean the entities situated immediately below the level of the central state, granted political representation, the latter being ensured by the existence of an elected regional council, or failing this, by an association or a body constituted at regional level by the local authorities at the immediately lower level.'⁽¹⁾

The narrowness of this definition resides not in the uniform size implied in its use of the term 'region', nor in the roughly similar institutional powers and financial resources it would envisage granting, but rather in its insistence that, if there is any sign of a regionalist movement in a given country, it must always find expression below national level.

Interregional cooperation has been developing in Europe for more than fifteen years. Initially it was based on common interests or geographical proximity but has become more widespread in recent years. Solid networks have been set up which ought now to be fully exploited under the policies defined and implemented by Community bodies.

Although from a strictly legal and institutional point of view the regions cannot interfere in the decision-making process of Community bodies, they should at least participate in this process for there are many ways in which they can make a positive contribution.

(1) Statutes of the Council of European Regions, Article 3(2)

Measures taken by the regions, whether collectively or individually, can be of undeniable value in preparing and implementing Community decisions.

The contribution made by the regions is indispensable to the success of many Community policies. In the sphere of town and country planning, complex policies are best incorporated and development potential best exploited at regional level.

The regions can also participate in the new Community policies, particularly technology policies, by using their international contacts to help undertakings and laboratories based on their territory to find partners in other European countries. In their relations with Community bodies the regions will increasingly have to play this indispensable role of intermediary in the process of European unification.

For all these reasons a democratization of regional policy is needed, particularly as the completion of the internal market will have a direct impact on the economic and social life of the regions.

A. STAGES IN THE PROCESS OF RECOGNIZING THE REGIONS

1. The Treaty of Rome has never made any reference to a European regional policy or recognized the existence of the regions.

It was not until 1975 when a European Regional development Fund was set up to correct the principal regional imbalances in the Community that these two questions were recognized de jure by the Community institutions (Regulation EEC No. 724/75)

2. A reform of the European Regional Development Fund was undertaken in 1984 because 'the coordination of Community policies with each other and the coordination of Community regional policy guidelines and priorities with national regional policies contributes to the achievement of a higher degree of convergence of the economies of Member States and to a more balanced distribution of economic activities within Community territory' (Regulation EEC No. 1787/84). This led to a joint declaration by the Council, the Commission and the European Parliament referring for the first time to the need to bring the regions into the Community's decision-making process: 'The three institutions agree on the advantages, with due regard for the internal competence of the Member States and the provisions of Community law, of more efficient relations between the Commission of the Communities and regional or, where applicable, local authorities. This will enable regional interests to be better taken into account when regional development programmes and assistance programmes are drawn up.'(1)

3. This joint declaration was preceded by the Conference of the Regions of the European Community and the applicant countries Portugal and Spain held in Strasbourg on 25-27 January 1984 at the initiative of the European Parliament following a proposal by the Committee on Regional Policy and Regional Planning.

(1) Joint declaration by the Council, the Commission and the European Parliament on the reform of the ERDF, following the conciliation meeting of 18-19 June 1984 (OJ No. C 72/59)

4. The Conference of the Regions reached the conclusion that the regions of the Community and their elected representatives had a new role to play. They had to become partners and participants in an enlarged trialogue involving the relevant ministers from their own countries and the Community institutions.

The conference also recalled that in the preamble (Article 12) of the resolution adopted by the European Parliament on 14 September 1983 express provision is made for the European union to contribute towards enabling local and regional authorities to participate in an appropriate manner in the unification of Europe (PE 89.062/fin/Ann. II).

5. The Single Act has conferred a truly European dimension on regional policy (cf. Articles 130 A and 130 C) by laying down the following principles:

- overall harmonious development to be promoted by strengthening economic and social cohesion,
- disparities between the various regions and the backwardness of the least-favoured regions to be reduced,
- the ERDF to redress the principal regional imbalances.

6. The Commission Communication 'Making a Success of the Single Act - A new Frontier for Europe' (COM(87) 100 final) shows a determination to set up Community aid programmes which will lead to contracts between the Community, the Member States and the regions. They are to be based on joint preparation, follow-up and assessment of programmes, and thereby institute a true partnership.

7. In the opinion it submitted to Sir Henry Plumb, President of the European Parliament and Chairman of the ad hoc committee 'Making a success of the Single Act', the Committee on Regional Policy and Regional Planning acknowledged the need to increase the role of the regional authorities in setting up, assessing and managing programmes.

8. The discussions on reform of the structural funds (COM(98) 376) enabled the European Parliament and its Regional Committee to stress the fact that 'close consultation should be instituted between the Commission and the national and regional authorities, where appropriate in association with the local authorities or other agencies acting as partners in the pursuit of a common goal;' (Gomes report, Amendment No. 10 - Doc. A 2-205/87, Part A).

9. It can be seen from the above that the process of democratizing regional policy is already well under way.

B. THE CREATION OF THE COUNCIL OF EUROPEAN REGIONS

1. The creation of the Council of European Regions in 1985 was the logical outcome of a process which began in the 1970s and which was accelerated by the European Parliament's initiative in organizing the first Conference of the Regions of the Community, Spain and Portugal in Strasbourg in January 1984.

In April 1984 the European Parliament adopted a resolution on the role of the regions in the construction of a democratic Europe and the outcome of the Conference of the Regions.(1)

(1) OJ No. C 127, 14.5.1984, p. 240 - Doc. 1-91/84

Parliament recommended that the regions should create an organization enabling them to have direct relations with the Community Institutions.

A. The antecedents

2. Regions emerged in the Community Member States, as authorities or for planning purposes, at the same time as the Community Institutions, i.e. in the 1950s. Direct relations between Europe and the regions did not develop until later. The regions only started to organize themselves at European level in the 1970s and established the following organizations:

- the Association of European Border Regions (AEBR), founded in 1971 (headquarters in Bonn);
- the Conference of Peripheral Maritime Regions of the EEC (CPMR), founded in 1973 (headquarters in Rennes);
- the Action Committee of Alpine Regions (ACAR), founded in 1973, which includes sub-groupings of the Western Alps, Central Alps and Eastern Alps;
- the Conference of the Pyrenees Regions, founded in 1982;
- the Association of Traditional Industrial Regions (RETI), founded in 1984 (headquarters in Lille).

These various associations or organizations, which cover a substantial area of the Community, gradually came together to form the Liaison Bureau of the European Regional Organizations (BLORE), founded in 1979 (headquarters in Strasbourg).

3. The local authorities, on the other hand, with their long traditions and existing national organizations, set up a Council of European Municipalities (CEM, headquarters in Paris) as early as 1951; this benefited from the initial burst of enthusiasm for building Europe and became well established, alongside the International Union of Local Authorities (IULA), which had been founded before the war (1913, headquarters in The Hague).

4. The prior existence of the organizations of municipalities, their privileged position over many years (a quarter of a century), the tendency to lump regions and local authorities together (and, above all, to avoid creating a new organization at another level) - all this partly explains the friction which very quickly arose between the new European regional organizations and the organizations of municipalities.

5. After several attempts at a rapprochement in the interests of Europe it became clear that the problem could only be solved if the regions gave up their separate identity and joined the existing organizations of the municipalities. This was an unrealistic proposal in both principle and practice, since Europe has about 100 000 municipalities compared with 200 regions.

6. The first European regional organizations therefore worked together to establish a structure to represent all the regions, with the aim of cooperating later on with the organizations representing the municipalities.

They initially set up BLORE (Liaison Bureau of the European Regional Organizations), which actually operated between 1980 and 1984, but BLORE, which included interregional organizations, was unable to involve the regions themselves. It was therefore necessary to go further.(2)

B. The creation of the CER

7. The regional organizations therefore welcomed the initiative of the European Parliament's Committee on Regional Policy and Regional Planning in calling a Conference of the Regions in Strasbourg in January 1984. For their part, the initially reluctant local authority organizations subsequently set about ensuring ample local representation at the conference, via their national sections. They were responsible for nominating local elected representatives to represent the regions of several countries which do not yet have elected regional bodies.

At all events the January 1984 conference enabled the regional representatives (about half of the delegates) to realize that what they wanted was a permanent European regional organization.

8. Three months later, in March 1984, at a Conference of Island Regions organized by the Council of Europe in the Azores, the delegates of the island regions accordingly adopted a resolution advocating the creation of a 'Council of European Regions', which made specific reference to the final declaration of the Strasbourg conference. They instructed BLORE to draft a statute which would enable all the European regions to have their own representative body.

9. Two weeks later, in Turin, the Council of European Municipalities reacted by deciding to change its name to 'Council of European Municipalities and Regions' (CEMR).

10. The process started in the Azores, however, pursued its course very rapidly despite many obstacles:

- on 4 October 1984, in Trieste, 52 regions of the Conference of Peripheral Maritime Regions (CPMR) voted unanimously in favour of the proposal to create the CER;
- on 18 January 1985, in Strasbourg, the Council of European Regions was founded; a provisional executive committee was formed under the chairmanship of Edgar Faure (President of the Franche-Comté Regional Council);
- on 23 March 1985, in Barcelona, the executive committee adopted the draft Statute for the CER;

(2) Within the Council of Europe, there is a Standing Conference of Local and Regional Authorities of Europe (SCLRAE). This body consists of local and regional elected representatives, with no distinction between the two, nominated by the governments of the 21 member countries. The regional authorities have no official say in the nomination of these elected representatives (the regional representatives are not mandated by their respective regions).

- on 14 and 15 June 1985, at Louvain-la-Neuve, the Constituent Assembly adopted the Statute, rules of procedure and a protocol on cooperation with the ECRD (European Centre for Regional Development), which will provide the CER with the requisite scientific and technical support; the two organizations have their headquarters at the same address in Strasbourg.

At the meeting in Louvain-la-Neuve, the CER also decided to terminate its participation in the Consultative Committee set up by the CEM and IULA, as its structure was no longer suitable in view of the new developments.

11. The Constituent Assembly also decided to invite all the regions of Europe to a second conference to be held in the Chamber at Strasbourg;

- on 1 October 1985 the CER's executive committee met in Lille to finalize the arrangements for the conference and, in particular, to check the validity of the rules for the representation of the regions of the various countries;
- on 25 and 26 November 1985 121 European regions were represented in Strasbourg by their own delegates; the resolutions adopted affirm the regions' intention to regard the CER from now on as their permanent representative body.

12. Since the Strasbourg conference, the Council of European Regions has expanded its activities considerably:

- increasing membership in all countries;
- granted 'consultative status' by the Council of Europe's Committee of Ministers (13.8.86);
- granted an operating-costs subsidy by the Commission of the European Communities;
- participation in the preparatory work of a new Consultative Council of Local and Regional Authorities within the Commission;
- working meetings, particularly in: Palma de Majorca (Standing Committee - April 1986), Geneva (Executive Committee - December 1986), Paris (Executive Committee - February 1987), Stuttgart, Lille and Strasbourg (coordination group);
- adoption of an action programme coordinating the work of the 9 founding organizations of the ECRD and embracing the following six areas:
 - . regional responsibilities and participation by the regions in European construction (4 sub-areas),
 - . global strategy of regional development (5 sub-areas),
 - . regional participation in technological innovation (3 sub-areas),
 - . job creation and 'Tour d'Europe des Jeunes',
 - . promotion of regional culture (3 sub-areas),
 - . regional aid for the Third World.

The main purpose of the Standing Committee's meeting in Venice on 4 and 5 May 1987 was to prepare for the two General Conferences of the European Regions which were held in Brussels on 19 and 20 November 1987.

13. Finally, it should be noted that the CER receives permanent assistance from the ECRD, which is also based in Strasbourg. A cooperation convention has been concluded between the two bodies whereby the CER guarantees the political representation of the regions and the ECRD scientific and technical support.

The CER also has:

- a Standing Delegation on Tourism (in Palma de Majorca);
- and an office in the Commission (in Brussels).

14 The General Assembly of the CER, meeting in Brussels on 19 and 20 November 1987 for the two General Conferences of the European Regions, ratified the agreement signed by the Chairman, Mr Edgar Faure, on behalf of the CER and the Chairman, Mr Jacques Chaban-Delmas, on behalf of the Council of European Municipalities and Regions (CEMR). This agreement includes the changing of the name of the CER to 'Assembly of the European Regions'.

CONCLUSIONS

15. The European Parliament recognizes the important work done by the Council of Europe, principally through the Standing Conference of Local and Regional Authorities (SCLRA), in the field of regionalization and in the participation of regional and local authorities in European organizations.

16. Parliament likewise recognizes the wide experience of working together shared by the organizations representing local and municipal authorities and intermediate levels of administration (provinces, counties, nomoi, departments, etc.). Since 1913, the International Union of Local Authorities (IULA) and, since 1951, the Council of European Municipalities (CEM), which in 1984 changed its name to Council of European Municipalities and Regions (CEMR), have been the driving force behind the vast task of bringing the bodies they represent closer together. In recent years, these organizations have also promoted the establishment of permanent institutionalized relations between the European Community and local and regional authorities.

Parliament recognizes the CEMR and IULA as the representatives of local authorities.

17. The European Parliament notes with satisfaction that the Conference of the Regions of the European Community which it organized in 1984 was instrumental in the setting-up of an organization of European regions that was established in 1985 as the Council of European Regions (CER), bringing together the experience of various sectoral regional associations (Association of European Border Regions, Conference of Peripheral Maritime Regions, Action Committee of Alpine Regions, Conference of the Pyrenees Regions, etc.). In 1987 the CER changed its name to Assembly of the European Regions. The size of the regions represented in this organization, the work it carried out in recent years and the large attendance at its two General Assemblies are sufficient reason for the European Parliament to regard it as representatives of the regions of Europe and particularly of the regions of the Member States.

18. Parliament welcomes the agreements reached between the Commission and the organizations representing local and regional authorities on the setting up of a Consultative Council. This Council should lay the foundations for a progressive extension of the role played by the regions and local authorities in Community life.

19. Genuine integration of local and regional authorities in the Community's institutions and policies will be achieved by their involvement, via the Consultative Council, in the drafting of Commission proposals. The Member

States, using internal procedures, should undertake to incorporate the proposals made by the regions in their national positions in Community negotiations,. The Member States should also ensure that the regions are involved in the drafting of regional development programmes and Community action plans, and also in the implementation of Community policies. In the future as in the past, the regions and local authorities will enjoy the full support of the European Parliament in all these matters.

MOTION FOR A RESOLUTION (Doc. 2-1545/84)

tabled by Mr Poetschki, Mr Ducarme, Mr Hutton, Mr Ligios, Mr Maher, Mr O'Donnell, Mr Sakellariou, Mr Schreiber, Mr Vandemeulebroucke and Mr Verges pursuant to Rule 47 of the Rules of Procedure on the democratization of regional policy in the Community and the creation of a Council of the Regions

The European Parliament,

- having regard to the final declaration of the First Conference of the Regions of 27 January 1984,
 - having regard to the resolution of the European Parliament of 13 April 1984 on the role of the regions in the construction of a democratic Europe and the outcome of the first Conference of the Regions,
 - having regard to the report of the Committee on Regional Policy and Regional Planning (Doc. 1-91/84),
 - having regard to the joint statement by the Council, the Commission and the European Parliament of 19 June 1984,
1. Notes that in no Member State should Community citizens be excluded from participation in moulding the economic and social future of their country;
 2. Notes that certain regions must be granted a greater measure of autonomy if they are successfully to meet the demands of the future;
 3. Calls on the Council and the governments of those Member States which have not yet set up some form of regional structure with elected representatives to take the steps necessary for the establishment of regional bodies;
 4. Calls on the Council and the governments of those Member States which have already conceded their regions a measure of autonomy to grant their regional bodies the powers necessary to fulfil their tasks, and in particular to strengthen their regional budgetary powers;
 5. Calls on the Commission and the Council, with due regard to the authority vested in the Member States under the Treaties, to make legal provisions to enable the regions in future to establish and maintain direct relations with the institutions of the Community;
 6. Notes that, so far, there is no organization at the level of the Member States of the European Community which democratically represents the interests of the regions of the Community and acts as the legitimate spokesman of the regions vis-à-vis the Community institutions;
 7. Supports, therefore, the endeavours of the regions of the Community to form a Council of the Regions of the European Community;
 8. Considers that, following the establishment of such a Council of the Regions, a second Conference of the Regions should be convened by the European Parliament to discuss, inter alia, progress in the democratization of the regional policies of the Member States of the Community;
 9. Instructs the committee responsible to draw up a report on this matter as part of preparations for the second conference.

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COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

REPORT 6

on the major topic

'The Community's regional policy and the
role of the regions':

Relations between the Community Institutions
and regional and local authorities

Rapporteur: Mr V. ARBELOA MURU

20 October 1988

INTRODUCTION

1. In the building of the European Community there is one issue which nobody seems willing to grasp outright: the participation of the regions and of local bodies.

The Treaties signed by European governments, reflecting international law, set up an international organization whose members are states. The involvement of units below national level, particularly the regions, was not provided for.

2. Moreover, the emergence of a marked process of regionalization within the majority of the Member States means that ways have to be found to enable regions and local authorities to be better integrated into the life of the Community and at the same time to allow the Community institutions to profit from the dynamism and creativity of these bodies in order to advance further towards an integrated and pluralist Europe.

As Mr Pöttering said at the Conference of the Regions of the European Community and Spain and Portugal in 1984, 'without fuller participation by local and regional authorities, the Community runs the risk of finding its activities misunderstood or ill-adapted and thus encountering signs of political rejection by the remoter, and often less favoured, populations'.

1. THE PRESENT POSITION AS REGARDS PARTICIPATION BY REGIONAL AND LOCAL BODIES IN THE COMMUNITY'S INSTITUTIONS

A. Participation via internal channels

3. The regions and local bodies can participate in the life of the Community in two different ways: by bringing their influence to bear on the positions taken by Member States on Community issues, and by taking part in the implementation of Community Law.

Participation in the formation of national positions

4. There are three countries which have organized such participation on the basis of mechanisms which enable the opinions of the regions to be conveyed to national representatives responsible for conducting negotiations within the institutions of the Community (mainly the Council and COREPER) - the Federal Republic of Germany, Italy and Belgium. In Spain, a draft agreement under which a similar system will be instituted is at an advanced stage of preparation.

Italy

5. In Italy, rather than creating specific instruments, existing mechanisms for cooperation and consultation between the state and the regions in regard to particular sectors have been employed, the reason being the reluctance of the central administration to allow the regions to take charge where Community issues are concerned.

There have been a variety of unsuccessful attempts, both by the government (1974) and the regions (1974-75), to secure the passage of legislation setting up a permanent overall arrangement for consultation with the regions.

The mechanisms which have been used to effect such consultation thus far are as follows:

(a) as regards industrial policy, the Committee of Ministers responsible for the coordination of industrial policy (CIPI), which is responsible for preparing Italy's position in regard to Community issues, carries out consultations with the regions on industrial policy;

(b) as regards the agri-foodstuffs sector, the Interministerial Committee on Agri-foodstuffs Policy consults with an interregional commission;

(c) a number of ministries consult with the regions, but without permanent bodies or procedures.

Moreover, while there are bodies concerned with general consultation with the regions, there are none specifically concerned with Community affairs. Such is the case with the Interministerial Committee for Community Affairs established in 1980, the Standing Conference of Chairmen of Regional Authorities (1981) and the proposed Standing Conference on relations between the state, the regions and the provinces.

This wide variety of coordinating bodies lacks the flexibility for handling consultation on Community issues and the ability to take an overall view which such consultation requires. The solutions adopted to date have failed to satisfy the regions.

Belgium

6. The regionalization process in Belgium, stemming from the law of 8 August 1980 implementing, after a delay of ten years, the constitutional reform of 1970, is still at the development stage and the mechanisms for ensuring coordination in regard to Community issues have consequently still to be created.

The gap is currently filled by the Interministerial Economic Committee (CEI) and its 'CEI-EEC groups' specialized in dealing with Community issues, whose responsibility is, within the central government, to prepare the national negotiating positions to be adopted in Community bodies. Within these CEI-EEC groups there is occasionally consultation with the regions, but such consultation is haphazard and there is no institutional framework for such contacts.

Meetings of the CEI-EEC groups are chaired by civil servants from the Ministry of Foreign Affairs (European Department). Civil servants from the Ministry of Economic Affairs are responsible for following up the work of the groups and civil servants from other national ministries, and representatives of the regional departments, attend on an ad hoc basis for particular agenda items. These meetings take place particularly before meetings of COREPER and the latter's regional policy group.

The regions have been unofficially informed of the position adopted by the Belgian State in Community institutions via notes drafted by the Belgian Permanent Representative.

Under the new law of 8 August 1988, not only have the regions' powers been considerably widened but machinery has been introduced for cooperation between the regional and national governments on carrying out groundwork for

negotiations and decisions and on monitoring the activities of the Community institutions in connection with matters falling within the remit of the regions and with agricultural policy (Article 6(3)). Compared with previous arrangements, this represents a major step forward.

The Federal Republic of Germany

7. Germany has the most developed system of all the Community countries. Since the very foundation of the European Community, the German Laender have fought a long and hard legal and political battle to prevent the Federal Government from taking advantage of European integration to transfer to itself any major responsibilities belonging to the Laender.

In broad outline, and until the latest reform in December 1986, the German system worked on the basis of two parallel mechanisms:

(a) A consultation procedure under the auspices of the Bundesrat (the Upper Chamber of the Federal Parliament), the legal basis of which was Article 2 of the Law ratifying the Treaty of Rome. Legally speaking, the Bundesrat only had the right to be informed of any issues connected with these treaties. In practice, however, this right was extended, becoming a genuine consultation and giving rise to reports by the European Affairs Committee of the Bundesrat.

The Laender took advantage of the ratification of the Single European Act to give a legal basis to the procedure which had developed de facto.

(b) A consultation mechanism involving the administrations of the eleven Laender and the Federal State, with a view to coordinating their positions. In this case, too, the impetus of the Community, together with pressure from the Laender, led to the creation, without any legal basis whatever, of information, consultation and conciliation mechanisms which were subsequently embodied in the procedure set out in Chancellor Schmidt's letter of September 1980. This agreement gave formal expression to the procedures for consultation on Community issues that had been developed in the following bodies:

- the Conference of Prime Ministers of the Laender;
- conferences of ministers from the Laender with responsibilities for particular sectors;
- working parties composed of civil servants of the Laender with responsibility for European affairs ('EWG Referenten');
- Bund-Laender committees dealing with specialized issues or those relating to particular sectors.

Under this 1980 procedure, the wide variety of consultation procedures then existing were grouped together in two provisions:

(a) in the case of matters which were exclusively the legislative responsibility of the Laender, these could send two delegates to the Community consultative bodies;

(b) in the case of decisions affecting 'vital interests' of the Laender, the Federal Government would be obliged to take account of their opinion in any negotiations it conducted in all Community decision-making bodies, including the European Council.

In practice, the provision relating to cases affecting 'vital interests' was applied by the central government in a restrictive way.

The parallel operation of the two systems described led to certain anomalies. For this reason, when these procedures were formalized in the new mechanism embodied in the Law of 19 December 1986 ratifying the Single European Act (Article 2), the following stipulations were incorporated:

- (a) the obligation on the part of the Federal Government to inform the Bundesrat of any Community projects affecting the Laender;
- (b) a requirement whereby, in relation to matters which are the exclusive legislative responsibility of the Laender or which involve the latter's 'vital interests', the Federal Government has to give the Bundesrat an opportunity to pronounce an opinion. The Federal Government has to adhere to this opinion in any negotiations and may not depart therefrom solely for political reasons. Where it departs from such an opinion in regard to matters which are the exclusive legislative responsibility of the Laender, the Federal Government is obliged to inform the Bundesrat of its reasons;
- (c) a requirement for consultations with representatives of the Laender in respect of negotiations in Community bodies.

This fusing of the two mechanisms returned the main role in the process of consultation to the Bundesrat, while preserving the complex existing web of information and consultation procedures based on committees and conferences in relation to particular sectors involving the administrations of the Laender and that of the central government.

The German system is the most developed and may point the way for the other regionalized states within the European Community.

Spain

8. In Spain there is still no legal or institutional provision enabling the Autonomous Communities (ACs) to take part in forming national policy. In 1984 discussions were initiated between the national government and the ACs on the basis of a 'Draft agreement between the National Government and the ACs on cooperation on matters relating to the European Communities'. As regards participation by the ACs in the formation of national policy, this draft agreement contained the following provisions:

- (a) a commitment by the state to 'endeavour' to incorporate the views of the ACs where there is no incompatibility between the latter and the wider interests of the state or of the EC;
- (b) forwarding by the Ministry for Regional Administration to the ACs of any Community documents relating to matters which 'may affect the powers of the Autonomous Communities';
- (c) opportunity for the ACs to make such comments as they deem appropriate on any such documents;
- (d) provision for joint meetings with the ACs to examine ways of incorporating their proposals;
- (e) the use of the Interministerial Committee on economic affairs relating to the EC as the framework for contacts.

Opposition from a number of ACs to the text of this proposal led to a second proposal that was also secret. According to statements by the government to Parliament, the second draft proposed that there should be an observer for the ACs (akin to the one already existing in the FRG) and enhances the participatory role of the ACs.

This second proposal has not yet been approved. At all events, the adoption of such an agreement would place the Spanish ACs in a better situation than their Italian equivalents, but behind the German Laender and the Belgian regions.

Participation in the implementation of Community law

9. In those regions which have legislative powers the problem has arisen as to who has responsibility for implementing Community law. Such difficulties have mainly arisen in regard to the implementation of Community directives and the enforcement of Community regulations.

There is a temptation for the central government or Parliament to retain sole responsibility for implementing Community directives and enforcing Community legislation.

Only in the Federal Republic of Germany and in Italy - and then only in certain specific cases (e.g. the application of Directive No. 268/1975 on mountain and hill farming and less-favoured areas in regions deemed to constitute special cases) - have regions or Laender been allowed to implement and enforce directives without the prior passage of incorporating and implementing legislation at national level.

In Spain, all the Autonomous Communities (ACs) have powers to implement Community law within the fields for which they are responsible.

Participation by the regions in the Council of Ministers and COREPER via their national representatives

10. Experience in this area is rather limited in view of the desire of national states to maintain their exclusive role on Community bodies.

The Federal Republic of Germany

11. With the exception of the occasional special case in the period 1969-1970, the representation of the German Laender is ensured through two mechanisms:

(a) representatives of the Laender can take part in meetings of Community negotiating bodies where their exclusive powers or their vital interests are involved (on the basis of the aforementioned 1980 procedure). They function as experts or advisers to the German delegation and do not play an active part in the negotiations.

(b) The observer

The role of the observer dates from 1959. He is appointed by the Conference of the Economic Affairs Ministers of the Laender and his main tasks are to:

- report to the Laender and occasionally to the Bundesrat;

- attend meetings of the Council of Ministers and COREPER, as well as meetings of specialized groups, especially the Special Committee on Agriculture. He has no voting or speaking rights, but is an excellent source of direct information. He cannot attend meetings of the European Council nor restricted sessions of the Council of Ministers;
- take part in meetings of the Bundesrat.

The role of the observer has been important, especially in ensuring a better flow of information from the Laender. The limited means at his disposal have prevented him from going much further.

(c) It should furthermore be pointed out that most of the Laender have maintained liaison offices in Brussels for some time; these have the twin function of informing the regional governments about Community decisions and of carrying out monitoring and follow-up activities in respect of certain measures, chiefly in regional and social policy. The offices are funded by the regional governments.

Italy

12. The Italian State, with the backing of judgments by the Constitutional Court, has prevented the opening of any direct channels from the regions to the Council and COREPER. A decree of 11 March 1980 even expressly denied the right of the regional authorities to enter into direct contact with the Commission without first going through the central authorities. Nor do the Italian permanent representatives, unlike their German counterparts (the inclusion among whom of regional representatives is being considered), facilitate such approaches.

Belgium

13. There are two procedures in Belgium according to the nature of the negotiations to be conducted.

In the case of cultural issues, the three Cultural Communities (French-, Flemish- and German-speaking), given their wide-ranging international responsibilities, take part in meetings of the Council of Ministers alongside the Minister for Foreign Affairs. Although only the Belgian Minister can vote, the other three can speak.

As regards other matters, however, the regions can only take part in meetings of COREPER and its working parties if they are expressly invited.

Spain

14. There are still no channels open to the regions in this area. In the aforementioned second proposal on forms of cooperation between the state and the Autonomous Communities (ACs), consideration is given to the possibility of creating an 'observer' analogous to the German one so as to provide the ACs with a passive presence at meetings of the Council and COREPER.

B. DIRECT PARTICIPATION BY THE REGIONS IN THE INSTITUTIONAL STRUCTURES OF THE COMMUNITY

The Regional Policy Committee (RPC)

15. This is a consultative body established by a Council Decision of 18 March 1975 which deals with the major issues of regional policy. It is composed of members appointed by the Member States and the Commission, although they are appointed in their own right rather than as national representatives. The tendency is to appoint senior civil servants with responsibilities for regional policy.

- Belgium allows representatives of the Walloon and Flemish regions to sit on the RPC as substitutes when regional development programmes are being discussed.
- The Federal Republic of Germany has allowed a representative of the Laender nominated by the Conference of Economics Ministers of the Laender to act as substitute, but he has to be formally appointed by the Federal Government.
- No other state, including Spain and Italy, allows representatives of the regions to attend this committee.

The ERDF Committee

16. This is a management committee (Article 148 of the EEC Treaty) which takes part in the award of ERDF grants.

It is composed of representatives of the Member States and reaches its decisions by a qualified majority.

Only Belgium and West Germany allow a limited regional presence on this committee.

The Belgian representative on the committee is assisted by an expert from each region acting as adviser.

The FRG includes a representative of the Laender in its delegation when they are directly involved in the projects to be considered. Neither Italy nor the other Member States allow this kind of representation.

It should be pointed out that the presence of regional representatives on these two committees (Regional Policy and ERDF) is especially justified in view of the major responsibilities which the regions generally have in regard to regional policy.

The Standing Committee on Agricultural Structures

17. This was set up in 1962 as a consultative committee and gradually developed into a management committee overseeing the policy on agricultural structures. It is chaired by a Commission representative (who has no vote) and composed of national representatives appointed by the Member States. The German delegation is alone in including a representative of the Laender whose status is similar to that of the observer at the Council of Ministers.

The European Investment Bank

18. Despite the high number of regional development projects financed by this institution, the regions are not represented on any of its bodies nor are they involved in any form of institutional dialogue with them.

In Council Regulation (EEC) No. 2052/88 on the tasks of the Structural Funds and their effectiveness, and on coordination of their activities between themselves and the operations of the European Investment Bank and the other financial instruments, no provision is made for a regional presence on the three consultative committees to be set up.

C. PARTICIPATION BY THE REGIONS IN THE CARRYING OUT OF COMMUNITY MEASURES

19. Generally speaking, the national governments have endeavoured to assume responsibility, via their administrative structures in the provinces, for carrying out Community policies rather than encouraging participation by the regions and local authorities.

It is only in recent years that the European Community has persuaded the central governments to take account of these authorities in the carrying out of Community programmes and action (as has been the case with the Integrated Mediterranean Programmes).

2. PROPOSALS

A. PARTICIPATION THROUGH NATIONAL CHANNELS

Participation by the regions in the formation of the national policy positions *to be adopted in Community bodies*

20. As described in points 3 to 8 of this report, only three states have achieved any progress in this area. Following the German model, the European Parliament should recommend to Member States that they apply the following principles:

(a) the right of the regions to take part in forming national policy, especially when the regions' own areas of responsibility are involved or the issues directly affect their interests;

(b) a broad interpretation of the scope of subjects on which the regions participate in the decision-making process;

(c) speedy and full information of the regions on Community proposals, preferably by institutionalizing regional representation, on the model of the 'observer';

(d) the establishment of speedy and effective mechanisms of sectoral consultation to ensure that the regions are able to respond when asked for their opinion;

(e) a commitment by the national states to respect the opinions expressed by the regions in those areas which fall within their responsibilities or which directly affect their interests.

It would be better if these points were enshrined in a legal provision rather than a mere political agreement.

Parliament could recommend to the regions that, on the basis of the above points, they should seek agreements under which the provision of information and the process of arriving at a position would be streamlined, thus enabling them to express their opinion in a speedy and coherent way and without building further delays into the already slow process of decision making within the Community. In this context, the German model, with each Land specializing in a particular subject, is especially useful.

The Belgian system for dealing with cultural issues is also of interest.

Participation by the regions in the application of Community law

21. Parliament should urge the Member States to respect, and where necessary increase, the legislative powers of the regions, so that the implementation of Community directives would not be effected at the expense of the latter. The German model, and, to a lesser extent, the Spanish one, may point the way for the other Member States.

B. DIRECT PARTICIPATION BY THE REGIONS

(a) Establishment of a Consultative Council of Regional and Local Authorities

22. After a succession of unsuccessful proposals and initiatives going back many years, the Commission adopted on 24 June 1988(1) a Decision setting up a Consultative Council of Regional and Local Authorities. It took more than a year of negotiations between the Commission and the various associations of regions and local authorities to arrive at this Decision, involving the Assembly of European Regions (formerly known as the Council of European Regions), the International Union of Cities and Local Authorities and the Council of European Municipalities and Regions.

The Council is a consultative body for issues relating to 'regional development and, more specifically, the development and implementation of regional policy, including the regional and local implications of other Community policies' (Article 2). It is made up of 42 members appointed in their own right, half of them on the basis of their expertise with regard to problems of regional development and the other half on the basis of their experience of the problems of municipalities and 'intermediate' administration units (counties, départements, Kreise, nomos, provincias, etc.).

They are appointed by the Commission for three years on the basis of joint nominations from the three associations of regions and local authorities that took part in the aforementioned negotiations. There is also a spread in national terms: two seats each for Belgium, Denmark, Greece, Ireland, the Netherlands and Portugal; one seat for Luxembourg; five seats for Spain and six each for the remaining Member States.

The Council is split into two sections: one composed of the members nominated by the regions and the other of those nominated by local authorities. The door is left open for the Council to create a committee for the so-called 'intermediate' local authorities. The Council will, at the Commission's request, give its opinion on the matters referred to earlier.

(1) OJ No. L 247, 6.9.1988, p. 23

The setting up of this Council is a very positive development, constituting as it does the first major step towards recognizing the regions and local authorities as participants in the process of European integration.

It is most important that consultations within this Council extend to all questions of regional policy in the broadest sense of the term, i.e. the regional aspects of all Community policies, including the internal market. In view of the impetus which Parliament wishes to give to regionalization, it would not be desirable for there to be more than two sections in the Consultative Council: the addition of a committee for 'intermediate' local authorities may undermine the role of the regions.

It would be desirable to strengthen as much as possible the role of the regions in this Consultative Council, even though local authorities could also take part.

(b) The proposal for institutionalizing consultation between the European Parliament and the regions and local authorities

23. In the proceedings and resolutions of the Assembly of Regions and Local Authorities convened by the European Parliament in 1984, Parliament undertook to establish permanent contacts with the regions and local authorities via its Committee on Regional Policy and Regional Planning.

It is now time for this commitment to be met, especially now that the Commission has taken the first step by setting up the Consultative Council.

The simplest and most effective formula would be:

(a) the adoption by Parliament of a resolution recognizing as an interlocutor the Consultative Council of Regional and Local Authorities, as approved by the Commission;

(b) the institution of a system of regular consultation between Parliament's Committee on Regional Policy and Regional Planning and the 'Bureau' of the Consultative Council;

(c) joint meetings once or twice a year between Parliament's Committee on Regional Policy and Regional Planning and the Consultative Council (42 members) on similar lines to the EEC-ACP Joint Assembly, these meetings to consider the major reports being prepared by the Committee on Regional Policy and Regional Planning and any new proposals or initiatives from either side;

(d) the convening, at least once in each parliamentary term, of a general assembly of all the regions, as in 1984. The next general assembly should be organized towards the end of the present Parliament so that the parties may draw upon its conclusions in the preparation of their manifestos with a view to a possible revision of the Community Treaties to be advocated by the next Parliament providing for a greater presence of the regions on Community bodies.

(c) Medium and long-term institutional proposals

24. In Member States whose regions have a distinct political identity, efforts should be made to find appropriate ways and means of providing for some form of regional representation in connection with elections to the European Parliament.

(d) Participation by the regions and local authorities in the implementation of Community policies

25. In line with Parliament's recommendations in its report on the framework regulation on the coordination of the structural Funds, it is important to make clear our desire to see the regions and, where appropriate, local authorities given a role in the implementation of structural policies. This would involve preparing, or helping to prepare, the programmes and implementation plans for the various structural policies. They also need to share in the monitoring and control of their implementation.

The model adopted for the Integrated Development Operations for Naples and Belfast and for the Integrated Mediterranean Programmes (IMP) should be extended to the structural policies as a whole. The reform of these Funds which will follow the adoption of the aforementioned framework regulation would provide an ideal opportunity for introducing these elements.

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COMMITTEE ON INSTITUTIONAL AFFAIRS

OPINION

for the
Committee on Regional Policy and Regional Planning

on

relations between the Community institutions and
regional and local authorities

Draftsman: Mrs L. NEUGEBAUER

18 October 1988

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OPINION

(Rule 120 of the Rules of Procedure)
of the Committee on Institutional Affairs

At its meeting of 22/23 June 1988, the committee appointed Mrs Neugebauer draftsman of the opinion.

It considered the draft opinion at its meetings of 20/21 September, 29/30 September and 18 October 1988.

At the last meeting, it adopted the conclusions unopposed with 1 abstention.

The following were present: Mr Segre, Chairman; Mr Stauffenberg and Mr Valverde, Vice-Chairmen; Mrs Neugebauer (draftsman); Mr Alber, Mr Bru Puron, Mr Clinton, Mrs Ferrer I Casals, Mr Filinis, Mr Graziani, Mr Prag and Mr Seeler.

I. Subject

1. The Committee on Regional Policy and Regional Planning is drawing up a series of reports under the broad heading 'Community regional policy and the role of the regions'. Mr Arbeloa Muru is rapporteur for the report on relations between the Community institutions and regional and local authorities (PE 121.028).
2. The conclusions set out in the report by Mr Arbeloa Muru, together with those of the other five rapporteurs, are to be incorporated into the motion for a resolution by the general rapporteur, Mr De Pasquale (PE 123.460/A).
The scope of the opinion thus extends to this text insofar as institutional matters are affected.

II. The issues involved

3. The European Community is an association of states which have entrusted it with a number of tasks (cf, for example, Article 4 of the EEC Treaty). These tasks are carried out by the Institutions of the European Community. Increasingly, as the European Community has evolved, substantive responsibility under national law, whether in matters relating to legislation or in connection with the implementation thereof, has increasingly fallen to the regions or other territorial subdivisions.

More effective arrangements are required to carry out these tasks at European level, the scope of which is increasing, while the Community's legislative body (the Council) is dominated by the nation state and this has necessitated centralization to a limited extent. All this is at odds with the fact that it is the regions which bear substantive responsibility for, and are affected by, such action and that a measure of decentralization is clearly under way in the Community. This is the starting point for conflict surrounding the institutional aspects of regional policy.

4. Satisfactory institutional links between the regions and the European Community are a sine qua non for both the democratic legitimation of Community legislation and the successful implementation thereof. To put it in more abstract terms: regional involvement too is required in order to legitimize fully the process of Community development.

III. The draft Treaty establishing the European Union

5. Little space is devoted in the draft Treaty to the role of the regions: the preamble refers to 'the need to enable local and regional authorities to participate by appropriate methods in the unification of Europe', while Article 58 establishes the legal basis for the Union's regional policy and sets out the aims thereof.
6. This by no means implies, however, that, under the terms of the draft of the Treaty, greater influence for the regions in a European Union is rejected or a regionalized Europe opposed; rather, the draft Treaty is open-ended in this regard. Whatever limits there are to changes in structures are to be found in the principles underpinning the draft Treaty, however, i.e., as regards legislation, democratic legitimacy and

the ability to act. It is in the light of these principles that the institutional aspects of regional policy, too, must be judged. The draft Treaty further lays down that the principle of subsidiarity underpins action at European level; the Committee on Regional Policy and Regional Planning will have to take account of this principle in particular.

IV. Legitimizing Community Legislation

7. Particularly close links with the citizen typify the regions; they are attuned to public feeling, not only in areas within their terms of reference, and are responsible in particular for legislative and executive matters within their remit, their role as executive bodies being crucial for the proper implementation of Community law.
8. Increased regional involvement in Community decision-taking, then, is likely to legitimize this process further.

V. Effectiveness of the Community's legislative process

9. The European Community is greatly concerned to improve the efficiency of its decision-taking processes. On all too many matters, the Council is unable to act. This continuing inability to take decisions results not only from the fact that, in many cases, the legal basis derived from the Treaties calls for unanimous voting or a Member State may, in breach of the Treaties, assert a 'vital interest'; decision-taking is also delayed when national consultative processes have not been completed and the parties concerned are inadequately primed for possible compromise in that there is no political mandate for such action. The number of deferred or ad referendum decisions is alarmingly high.
10. The content of paragraphs 18, 20 and 54-56 in particular of the motion for a resolution by Mr De Pasquale, judged against the criteria examined, is unexceptionable.

According to paragraph 24 of the first version of the draft report by Mr Arbeloa Muru, consideration should be given to the establishment of a European Senate or second chamber of the regions of Europe. The draft Treaty establishing the European Union would also introduce a bicameral system: the second chamber would be the Council of the Union, which, under Article 20 of the Treaty, would consist of government-appointed representations of the Member States. A chamber of states is commended under the draft Treaty, then, but the question of who precisely would represent a Member State is deliberately left unresolved, thus allowing for regional involvement.

VI. 'Community Charter for Regionalization'

11. A charter providing a detailed constitutional framework for regionalization by the Member States is set out in due legal form in paragraphs 30 to 56 of the motion for a resolution by Mr De Pasquale. The terms of reference of the Committee on Institutional Affairs extend to matters relating to 'the institutional structures of the Communities and the development of European integration' (Annex VI of the Rules of Procedure), i.e. not to the institutional structures of the Member States. Article 4(4) and (44) of the draft Treaty would apply only

where a Member State failed to observe democratic principles and fundamental rights or comply with the provisions of this Treaty. The European Parliament has been extremely reticent on other occasions about stating its views on Member State structures. In line with a change of attitude on the part of the Committee on Regional Policy and Regional Planning, as evidenced by a compromise amendment by Mr Arbeloa Muru, the legitimate call for regionalization should not therefore be acted upon by opting for a detailed charter in law; rather, the matter of laying down regional structures, bodies and powers within the Member States should be left to the States themselves.

VII. Conclusions

12. The Committee on Institutional Affairs recommends that the Committee on Regional Policy and Regional Planning, as the committee responsible,
- (a) maintains its support for an expanded role for the regions in the Community's decision-taking process and hence for this process to be further legitimized, in view also of the fact that the draft Treaty establishing European Union of February 1984 stressed in its preamble the 'need to enable local and regional authorities to participate by appropriate methods in the unification of Europe';
 - (b) considers it a priority that the regional and local authorities should be involved in the formulation and implementation of common policies in such a way as to ensure that their interests are taken into account and to guarantee the effectiveness of the Community legislative process;
 - (c) regards the desirable objective of administrative decentralization and devolution within the Member States on the one hand and the necessary transfer of powers from the Member States to the European Community on the other as two complementary developments which help to achieve unity in diversity and progress beyond the outworn concepts of national sovereignty, the source of so many conflicts in Europe, towards a model of shared sovereignty characterized by respect for the dignity of individuals and their active participation at local, regional, national and Community level;
 - (d) takes account of the principles embodied in the draft Treaty establishing the European Union of February 1984 drawn up by the European Parliament, particularly the rule of subsidiarity.

The actual definition, institutions and competences of the regional structures within the Member States should accordingly be left to the Member States themselves;

- (e) advocates that efforts should be made to encourage various forms of participation by the Community, the Member States and the regions in policies involving the drawing up and implementation of integrated regional actions and programmes.