



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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- (4) Report 1: Community regional policy and the regional impact of structural interventions - Rapporteur: Mr MUSSO
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- Report 3: The physical planning programmes, development programmes and programmes for the improvement of the socio-economic situation of the regions - Rapporteur: Mr 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

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.

