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## Second Report on economic and social cohesion adopted

### A landmark event

In announcing the Commission's decision on the Cohesion Report, Mr Barnier proclaimed that "the adoption of the Second Report on economic and social cohesion represents a landmark event which stakes out the broad outlines of cohesion policy for the enlarged Community. I want this report to be the basis for a wide-ranging debate on the future of regional development, involving all the parties concerned. At the heart of the discussion is the need to promote balanced growth within the Union, first by providing disadvantaged regions with the means to develop and then by working with them to assist the process of economic convergence and consolidate the European social model".

### Making a success of enlargement

Anna Diamantopoulou, the Commissioner for Employment and Social Policy, said that "it is vital that enlargement succeeds. This can only be secured by ensuring balanced economic development throughout the Union".

### Europa chats

On 26 March this year the Commissioner for regional policy, Mr Michel Barnier, will be conducting a discussion on the Internet about the report on economic and social cohesion.

[http://europa.eu.int/comm/chat/barnier2/index\\_en.htm](http://europa.eu.int/comm/chat/barnier2/index_en.htm)

**On 31 January 2001, Commissioner Michel Barnier presented the European Parliament with the Second Report on economic and social cohesion, which had been adopted by the Commission earlier that day, in accordance with the Treaty. Titled "Unity, solidarity and diversity for Europe, its people and its territory", the report assesses the impact of cohesion policy since 1989, and prepares the ground for a debate on the future of regional development in the perspective of an enlarged Union.**

The Report emphasises that since the end of the 1980s there has been a considerable narrowing of development disparities within the Union at both national and regional level. The gaps between Member States have been reduced by a third; between regions by close to a fifth. In the three least prosperous Member States (Greece, Spain and Portugal), average per capita income rose from 68% of the EU average in 1988 to 79% in 1999. More striking still is Ireland's progress towards the average Community GDP, which has enabled it to graduate from the group of so-called "cohesion countries". The communications and telecommunications infrastructure in the least prosperous countries have also been reinforced.

However, Michel Barnier, Commissioner for Regional Policy, stressed that "within most Member States, the general trend is for disparities to persist. Indeed, in some instances these gaps are growing". Stubborn pockets of unemployment continue to exist in certain regions (such as Spain, Italy and the French overseas departments), and there continues to be widening gaps between different regions in the areas of research, innovation and education and training.

### Cohesion in a Union of 27

The Report also focuses on the applicant countries. "In no previous enlargement has the Union been faced with such pronounced disparities in development", declared Michel Barnier. The equation is simple: while enlargement is set to swell the surface area and population of the Union by a third, the GDP of the new entity will rise by a mere 5%.

The Report separates the enlarged Union into three groups of countries with more or less similar development levels. The first of these would include the twelve most prosperous countries (i.e., those whose GDP is currently on or above the Community average). The second group, countries with GDP close to 80% of the Community average, would embrace the three "cohesion" countries (Spain, Greece and Portugal) and some of the applicants (Cyprus, Malta, Slovenia and the Czech Republic). And the third group would take in the other enlargement candidates; eight countries containing some 16% of the enlarged Union's population and with GDPs somewhere in the region of 40% of the Community average.

### Reinforced legitimacy in light of enlargement

Faced with the challenges posed by taking in new members, the Union must come up with some new ideas and alternative courses of action. The Second Report on cohesion underlines the need for this and, without issuing detailed proposals (these will be addressed in the Third Report in 2004), establishes a number of principles that are fundamental to the debate that the Commission wishes to encourage.

The fundamental question is to decide on the defining criterion in regional policy. Mr Barnier believes that "we must keep per-capita GDP as the standard for assessing eligibility: it is a simple and transparent measure". However, by simple arithmetic, the entry of the enlargement candidates will reduce average GDP within the Community, which would in turn have the effect

of lowering the terms of reference for regional policy. Other factors being equal, the regions currently receiving funding under Objective 1 would no longer be eligible for Community assistance in an enlarged Union.

But apart from the question of available funding, the Commissioner stressed that, in future, Community regional operations will probably have to refocus on a narrower range of core activities that bring real added value and place greater emphasis on sound financial management.

He finished by urging MEPs to join the debate on the future direction of Community policies that impact regional development. A prime occasion for this would be the Cohesion Forum in Brussels on 21-22 May.

The text of Mr Barnier's speech, together with the report, its statistical annexes and recommendations for future action can be found on the Inforegio site: <http://www.inforegio.cec.eu.int>

## New Objective 2 programmes

The Commission has recently approved 31 regional development programmes for Germany, France and the United Kingdom for the 2000-2006 programming period.

In **Germany** this involves six Länder: Baden-Württemberg, Bremen, Lower Saxony, North Rhine-Westphalia, Rheinland-Pfalz and Saarland. The programmes for these regions span the range of regional development schemes, from support for small and new businesses to restructuring measures for industry, and include support for technological innovation.

The **French** regional development programmes cover the 21 Objective 2 regions in France, namely Alsace, Aquitaine, Auvergne, Burgundy, Brittany, Champagne-Ardenne, Centre, Franche-Comté, Upper Normandy, Lower Normandy, Île-de-France, Languedoc-Roussillon, Limousin, the Loire Region, Lorraine, Midi-Pyrénées, Nord-Pas-de-Calais, Picardy, Poitou-Charentes, Provence-Alpes-Côte d'Azur and Rhône-Alpes. Plans for a national programme, "PRESAGE", have also been adopted, under which an integrated computerised management system covering all regions in France (including Objective 1 regions) will be set up.

As regards the **United Kingdom**, three programmes have been adopted. The East Wales programme (covering Powys, Monmouthshire, Wrexham, Cardiff, Newport and the Vale of Glamorgan) is based on three strategic priorities: developing a competitive and viable small-business sector, promoting sustainable development in the countryside and supporting urban renewal. The programme for the East of England region has three priorities: promoting the creation, growth and development of small businesses; assisting sectors and industries that have invested in key locations; and reviving the local economy. The third programme, for the East Midlands, will concentrate on encouraging innovation in the corporate sector, developing alternative growth sectors and reviving local economies.

More information can be found on the Inforegio website: [http://www.wbpro/Prosr/prog\\_en.cfm](http://www.wbpro/Prosr/prog_en.cfm)

| Programmes                         | Total cost* | Structural Funds Contribution* |
|------------------------------------|-------------|--------------------------------|
| <b>Germany</b>                     |             |                                |
| Baden-Württemberg                  | 1 160.4     | 97.8                           |
| Lower Saxony                       | 1 492.5     | 733.9                          |
| Bremen                             | 354.7       | 113                            |
| North Rhine-Westphalia             | 3 598.6     | 970.4                          |
| Rhineland-Pfalz                    | 1 402.9     | 170.7                          |
| Saarland                           | 981.8       | 171.1                          |
| <b>France</b>                      |             |                                |
| Alsace                             | 293.5       | 93.4                           |
| Aquitaine                          | 2 036.6     | 452.9                          |
| Auvergne                           | 1 256.7     | 299.6                          |
| Burgundy                           | 753.5       | 233.7                          |
| Brittany                           | 1 107       | 403.6                          |
| Centre                             | 634.5       | 199.3                          |
| Champagne-Ardenne                  | 635.3       | 207.7                          |
| Franche-Comté                      | 570.2       | 183.8                          |
| Lower Normandy                     | 976.6       | 265.6                          |
| Upper Normandy                     | 972.4       | 307.3                          |
| Île-de-France                      | 414.8       | 142.3                          |
| Languedoc-Roussillon               | 910.5       | 270.3                          |
| Limousin                           | 590.6       | 137.6                          |
| Lorraine                           | 828.5       | 380.3                          |
| Midi-Pyrénées                      | 1 449.6     | 404.8                          |
| Nord-Pas-de-Calais                 | 1 882.6     | 607.4                          |
| Loire Region                       | 1 726.3     | 401.3                          |
| Picardy                            | 1 121.8     | 254.3                          |
| Poitou-Charentes                   | 915         | 265.6                          |
| Provence-Alpes-Côtes d'Azur        | 1 240.4     | 307.4                          |
| Rhône-Alpes                        | 1 400.4     | 409.1                          |
| "PRESAGE" national computer scheme | 8           | 6                              |
| <b>United Kingdom</b>              |             |                                |
| East Midlands                      | 996.5       | 376.5                          |
| East of England                    | 423.5       | 156.3                          |
| East Wales                         | 303.3       | 121.1                          |

\* in million euros.

