Opinion of the Committee of the Regions on the Proposal for a Regulation on the Cohesion Fund

(2005/C 231/03)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a Council regulation establishing a Cohesion Fund (COM(2004) 494 final — 2004/0166 (AVC);

Having regard to the decision of the European Commission of 15 July 2004, to consult it on this subject, under the first paragraph of Article 265 of the Treaty establishing the European Community;

Having regard to the decision of its President of 26 May 2004 to instruct its Commission for Territorial Cohesion to draw up an opinion on this subject;

Having regard to Council Regulation (EC) No. 1164/ 94 which established the Cohesion Fund and which was subsequently complemented by Regulations (EC) No. 1264/99 and (EC) 1265/99;

Having regard to the other proposals for regulations of the European Commission concerning the *general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund,* COM(2004) 492 final, 2004 /0163 (AVC) and the European Regional Development Fund (ERDF), COM(2004) 495 final — 2004/0167 (COD);

Having regard to its opinion on the Third Report on Economic and Social Cohesion (CdR 120/2004 fin) ([1]);

Having regard to its Outlook report on Governance and simplification of the Structural Funds after 2006 CdR 389/2002 fin ([2]);

Having regard to its draft opinion, adopted on 4 February 2005 by the Commission for Territorial Cohesion Policy (rapporteur: Mr Antonio Paiva, Presidente da Câmara Municipal de Tomar (PT/EPP) (CdR 234/ 2004 rev. 2);

adopted the following opinion at its 59th plenary session of 13-14 April 2005 (meeting of 13 April).

1. **The Committee of the Regions views**

THE COMMITTEE OF THE REGIONS

1.1 welcomes the framework proposal of the European Commission for the regulations of structural funds for the period 2007-2013;

1.2 is convinced that, taking into account the enlargement of the Union to 25 Member States and subsequently to 27, the Commission's financial proposal to allocate 0.41 of Gross National Income (increasable to 0.46 with the inclusion of aid for rural development and fishing) and earmarking EUR 336.3 billion for financing the three Objectives (78 % Convergence Objective; 18 % Regional Competitiveness and Employment Objective and 4 % Territorial Cooperation) is the minimum compromise for future cohesion policy;

1.3 is pleased that the scope of assistance from the cohesion fund has considered the support of projects that present environmental benefits, namely energy efficiency and renewable energy and, in the transport sector outside the trans-European networks, rail, river and sea transport, intermodal transport systems and their interoperability, management of road and air traffic, clean urban transport and public transport;

1.4 welcomes the fact that the cohesion fund will apply to member States with GNP lying below 90 % of the Community average. A political solution should be sought for Member States that will no longer be eligible as a result of enlargement;

1.5 is of the view that the Member States beneficiaries of the Cohesion Fund should not be penalised with the suspension of the financial assistance of the Cohesion Fund when in accordance with Article 104 (6) of the Treaty the excessive public deficit exists in a beneficiary Member State;

1.6 trusts that the European Commission will clarify whether the suspension, if it exists, refers only to new projects to be approved after 1 January of the year following the decision;

1.7 is convinced that the European Commission has to analyse the advantages and disadvantages of considering the same general regulations for both the ERDF and the ESF and for the Cohesion Fund. The explanatory memorandum presented does not clarify this opinion of the Commission's proposal. The CoR considers that a cost-benefit analysis of this change on Cohesion Fund regulations should be provided;

([1]) OJ C 318 of 22.12.2004, p. 1
([2]) OJ 2003/C 256/01

1.8 trusts that the European Commission has a reason to change from a project-by-project (Article 1 paragraph 3 of EC No. 1164/ 94 — regulation of current Cohesion Fund) analysis to a program analysis (last paragraph of point 5.2 of the explanatory memorandum of document COM(2004) 492 final — regulation for structural funds) of the proposals of the Member States receiving support from the Cohesion Fund. This method is going to be completely different from the one that is being used now. The European Commission should justify this change according to the results of an evaluation, which should be carried out, for the current Cohesion Fund.

2. **The Committee of the Regions' Recommendations**

Recommendation 1

New recital 5

Text proposed by the Commission	CoR amendment
	The Cohesion Fund must also take account of the social aspects of sustainable development and must contribute towards achieving social inclusion, in particular in relation to accessibility and the removal of barriers for people with disabilities to combat discrimination of disabled persons, in accordance with Article 13 of the Treaty.

Reason

The Structural Funds, notably the Cohesion Fund, is an essential tool for reducing and alleviating social exclusion of vulnerable groups such as in removing barriers for disabled persons in all areas of life in particular by promoting and creating an accessible physical environment for disabled persons in relation to information communication technologies, transport and the built environment.

Recommendation 2

Article 2 — point 1

Scope of assistance

Text proposed by the Commission	COR amendment
Trans-European transport networks, in particular priority projects of European interest as identified by Decision No. 1692/96EC;	Trans-European transport networks, in particular priority projects of European interest as identified by Decision No. 1692/96EC and their respective links namely ports and airports.

Reason

Especially Outermost Regions of the European Union need these links to reduce isolation from the European Continent and provide access to the Trans-European Network.

Recommendation 3

Article 3 — point 1

Rules on eligibility of expenditure

Text proposed by the Commission	COR amendment
The following expenditure shall be ineligible: 1) VAT; 2) interest on debt; 3) the purchase of land for an amount exceeding 10% of the total eligible expenditure for the operation concerned; 4) housing; 5) decommissioning of nuclear power stations	The following expenditure shall be ineligible: ~~1) VAT~~; 2) interest on debt; 3) the purchase of land for an amount exceeding 10% of the total eligible expenditure for the operation concerned; 4) housing; 5) decommissioning of nuclear power stations

Reason

In the current Cohesion Fund, VAT is eligible and there is no reason for stricter rules than the existing ones.

Recommendation 4

Article 4

Conditions applying to access to Fund assistance

Text proposed by the Commission	COR amendment
1. Assistance from the Cohesion Fund shall be conditional on the following rules.	~~1. Assistance from the Cohesion Fund shall be conditional on the following rules.~~
2. If the Council:	~~2. If the Council:~~
a) has established in accordance with Article 104(6) EC that excessive government deficit exists in a beneficiary Member State, and	~~a) established in accordance with Article 104(6) EC that excessive government deficit exists in a beneficiary Member State,~~
b) has decided in accordance with Article 104(8) EC that the Member State concerned, in response to a Council Recommendation issued under Article 104(7) EC has not taken effective action or that the action taken has proven to be inadequate,	~~b) has~~ decided ~~in accordance with Article 104 (8) EC that the Member State concerned, in response to a Council Recommendation issued under Article 104(7) EC has not taken effective action or that the action taken has proven to be inadequate,~~
it decides to suspend either the totality of part of the financial assistance from the Fund for the Member State concerned with effect from 1 January of the year following the decision. The suspension concerns the commitments.	~~it decides to suspend either the totality of part of the financial assistance from the Fund for the Member State concerned with effect from 1 January of the year following the decision. The suspension concerns the commitments.~~
3. The Council decides to lift the suspension of the financial assistance from the Fund if it establishes that the Member State concerned has taken the necessary corrective action. The Commission proceeds to the re-budgetisation of the commitments suspended.	~~3. The Council decides to lift the suspension of the financial assistance from the Fund if it establishes that the Member State concerned has taken the necessary corrective action. The Commission proceeds to the re-budgetisation of the commitments suspended.~~
4. The Council takes the decisions referred to in paragraphs 2 and 3 on a qualified majority on a proposal from the Commission.	~~4. The Council takes the decisions referred to in paragraphs 2 and 3 on a qualified majority on a proposal from the Commission.~~
	The Member States eligible for funding from the Cohesion Fund shall be Member States whose per capita Gross National Income (GNI) measured in purchasing power parities and calculated on the basis of Community figures for the last three years available on (...), is less than 90% of the Community average.

Reason

Article 4 should be replaced by a new paragraph, which should list the member States eligible to Cohesion Fund.

If Article 4 remains as the European Commission proposes, the Cohesion Fund beneficiary Member State will be penalised twice. One of the penalisations is similar to the one applied to any other EU Member State with an excessive public deficit. The other penalisation will be the suspension of the Cohesion Fund for the Member State concerned.

Although it is understandable that the Cohesion Fund beneficiary States must meet the conditions of economic convergence, the suspension of the Cohesion Fund will bring greater difficulties to a Member State that already has a GNP below the Community average.

Furthermore, it is not clear whether the suspension applies to new projects approved after 1 January of the year following the decision and what happens to the ones that have been approved before that date.

Brussels, 13 April 2005.

The President
of the Committee of the Regions
Peter STRAUB

Opinion of the Committee of the Regions on the Proposal for a Directive of the European Parliament and of the Council on market access to port services

and the

White Paper on the review of Regulation 4056/86, applying the EC competition rules to maritime transport

(2005/C 231/04)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a Directive of the European Parliament and of the Council on market access to port services (COM(2004) 654 final; 2004/0240 (COD)) and the White Paper on the review of Regulation 4056/86 applying the EC competition rules to maritime transport (COM(2004) 675 final);

Having regard to the decision of the Council of 2 December 2004, to consult it on this subject, under the first paragraph of Article 265 and Article 80 of the Treaty establishing the European Community;

Having regard to the decision of its president of 3 November 2004 to instruct its Commission for Territorial Cohesion Policy to draw up an opinion on this subject;

Having regard to the Communication from the Commission to the European Parliament and the Council on Reinforcing quality service in sea ports: A key for European transport and the Proposal for a Directive of the European Parliament and of the Council on Market access to port services (COM(2001) 35 final) and the Amended Proposal for a Directive of the European Parliament and of the Council on Market access to port services (presented by the Commission pursuant to Article 250(2) of the EC Treaty (COM(2002) 101 final));

Having regard to its opinion of 20 September 2001 on the Communication from the Commission to the European Parliament and the Council on Reinforcing quality service in sea ports: A key for European transport (CdR 161/2001 fin) ([1]);

Having regard to the opinion of the European Economic and Social Committee of 29 September 2001 on the Proposal for a Directive of the European Parliament and of the Council on Market access to port services (CES 1495/2001);

Having regard to the Report of the Standing Committee of the EFTA States of 2 May 2002 on the Proposal for a Directive of the European Parliament and of the Council on market access to port services;

([1]) OJ C 19 of 22.1.2002, p. 3