

Opinion of the European Economic and Social Committee on the ‘Proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1698/2005 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability’

COM(2011) 481 final — 2011/0209 (COD)

(2012/C 24/18)

Rapporteur-General: **Mr SMYTH**

On 13 September and 5 October 2011 respectively, the Council and the European Parliament decided to consult the European Economic and Social Committee, under Articles 42 and 43 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1698/2005 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability

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On 20 September 2011 the Committee Bureau instructed the Section for Economic and Monetary Union and Economic and Social Cohesion to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr SMYTH as rapporteur-general at its 475th plenary session, held on 26 and 27 October 2011 (meeting of 27 October 2011), and adopted the following opinion by 90 votes to 2 with 4 abstentions.

1. Conclusions and recommendations

1.1 The EESC notes the Commission's proposal to amend article 70 of Regulation 1698/2005 which foresees in the possibility to increase payments to countries affected by the crisis and receiving assistance from the European Financial Stabilisation Mechanism (EFSM) or Balance of Payments (BoP) mechanism for the period that they are under these support mechanisms, but without increasing their overall allocation under the Union's cohesion policy for the programming period 2007-13.

1.2 The EESC approves the proposal.

2. Reason

2.1 The current proposal introduces special provisions in Regulation (EC) 1698/2005 that will allow the EAFRD contribution rate applicable to the rural development

programmes of these Member States to be increased up to a maximum of 95% of eligible public expenditure in the regions eligible under the Convergence objective, in the outermost regions and in the smaller Aegean Islands; and up to a maximum of 85% of eligible public expenditure in other regions. These provisions, which will remain valid only for as long as the Member States in question are under the aforementioned support mechanisms, will provide them with additional financial resources and thus will facilitate the continuation of the implementation of programmes on the ground. Thus, they would have to find less national match-funding, which at a time when their domestic budgets are under considerable pressure would make a significant contribution towards getting these troubled economies back on track.

2.2 The Committee agrees that it is vital to boost prosperity and competitiveness in the Member States most hit by the crisis and therefore supports the above-mentioned proposal.

Brussels, 27 October 2011.

The President
of the European Economic and Social Committee
Staffan NILSSON