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II

(Preparatory Acts)

COMMITTEE OF THE REGIONS

Opinion of the Committee of the Regions on:

- the ‘Communication from the Commission on certain Community measures to combat discrimination’,
- the ‘Proposal for a Council Directive establish a general framework for equal treatment in employment and occupation’,
- the ‘Proposal for a Council Directive implementing the principle of equal treatment between persons irrespective of racial or ethnic origin’, and
- the ‘Proposal for a Council Decision establishing a Community Action Programme to combat discrimination 2001-2006’

(2000/C 226/01)

THE COMMITTEE OF THE REGIONS,

having regard to a Communication from the Commission on certain Community measures to combat discrimination [COM(1999)564 final];

having regard to a proposal for a Council Directive establish a general framework for equal treatment in employment and occupation [COM(1999)565 final — 1999/0225 (CNS)];

having regard to a proposal for a Council Directive implementing the principle of equal treatment between persons irrespective of racial or ethnic origin [COM(1999)566 final — 1999/0253 (CNS)];

having regard to a proposal for a Council Decision establishing a Community Action Programme to combat discrimination 2001-2006 [COM(1999)567 final — 1999/0251 (CNS)];

having regard to the decisions taken by the Council on 19 January and 4 February 2000, under the first paragraph of Article 265 of the Treaty establishing the European Community, to consult the Committee of the Regions on the matter;

having regard to the decision taken by the Bureau of the Committee of the Regions on 2 June 1999 to instruct Commission 5 — Social Policy, Public Health, Consumer Protection, Research and Tourism to prepare the relevant opinion;

having regard to Declaration of the Committee of the Regions (Graz Resolution) of 9 November 1998;

having regard to Opinion of the Committee of the Regions (13.6.1996) on 1997 Year Against Racism (CdR 156/96 fin⁽¹⁾);

having regard to Opinion of the Committee of the Regions (12.6.1997) on racism, xenophobia and anti-Semitism (CdR 80/97 fin⁽²⁾);

having regard to Opinion of the Committee of the Regions (11.3.1999) on a Action Plan Against Racism (CdR 369/98 fin⁽³⁾);

having regard to Opinion of the Committee of the Regions (16.9.1999) on the International Year for Older People (CdR 442/98 fin⁽⁴⁾);

having regard to Council Directive 97/80/EEC on the burden of proof in cases of discrimination based on sex⁽⁵⁾;

having regard to the draft opinion adopted by Commission 5 on 6 March 2000 (CdR 513/99 rev.1) [rapporteurs: Mrs Granberg (SV/EPP) and Mr Moore (UK/ELDR)];

whereas the rejection of all forms of discrimination is an essential condition for the development of the European Union into an area of freedom, security and justice as foreseen by the Treaty establishing the European Union (Article 2 TEU), and enshrined in the Treaty establishing the European Community (Article 13 EC);

whereas the Treaty establishing the European Union sets as a fundamental objective the strengthening and protection of the rights and interests of the nationals of its Member States (Article 2 TEU);

whereas the Treaty establishing the European Union sets as an objective the preventing and combating of racism and xenophobia (Article 29 TEU);

whereas the Treaty establishing the European Community expressly prohibits any discrimination on grounds of nationality (Article 12 EC);

whereas the Treaty establishing the European Community authorises the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, to take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation (Article 13 EC);

whereas the draft directives set a common minimum standard of protection from discrimination and enable individual Member States to set higher and more comprehensive safeguards,

adopted the following opinion at its 33rd plenary session held on 12 and 13 April 2000 (the meeting of 12 April).

1. The Committee of the Regions:

1.1. Firmly rejects all forms of discrimination.

1.2. Recalls and reaffirms its declaration of 9 November 1998 ('Graz Declaration') in which it firmly rejected any form

of alliance or political co-operation with political parties which make racist or xenophobic statements at local, regional, national or European level and asked that all democratic political parties at all levels to oppose the activities of such groups and racist movements with all democratic means placed at their disposal.

1.3. Extends the Graz Declaration to incorporate all forms of discrimination covered by Articles 12 and 13 EC.

⁽¹⁾ OJ C 337, 11.11.1996, p. 63.

⁽²⁾ OJ C 244, 11.8.1997, p. 58.

⁽³⁾ OJ C 198, 14.7.1999, p. 48.

⁽⁴⁾ OJ C 374, 28.12.1999, p. 36.

⁽⁵⁾ OJ L 14, 20.1.1998, p. 6.

LEGAL BASE AND SUBSIDIARITY

1.4. Welcomes the fact that the Commission has referred the draft package to the COR voluntarily, in recognition of the relevance of this package to the ordinary citizen. It considers that Article 13 EC should be made subject to mandatory referral to the COR and co-decision with the European Parliament, and calls for these deficiencies should be corrected at the Intergovernmental Conference.

1.5. As proposed in the COR's earlier resolution on the European Action Plan Against Racism, the Commission is requested to establish an inter-institutional working group on anti-discrimination.

1.6. Calls on the European Commission to reflect the draft directives in its proposals for Employment Guidelines in 2001 and 2002, pending transposition of the directives by the Member States, in view of the fact that Member States have until 31 December 2002 to transpose the directives into their legislation.

ROLE OF LOCAL AND REGIONAL AUTHORITIES

1.7. Underlines that the fight against discrimination is also a question of changing attitudes and values. Local and regional authorities have an important role to play in this respect, as they operate at a grassroots level and are in close contact with ordinary citizens.

1.8. Local and regional authorities are major employers and providers of goods and services in their regions, and therefore have a powerful demonstration effect. They should exemplify best practice and compliance with these Directives for other employers and providers of goods and services to emulate.

1.9. It considers that engaging minority groups in political life is important in all spheres of governance (local; regional; national; European), including in the selection of candidates.

DEFINITIONS

1.10. Draws attention to the importance of definitions on the grounds of discrimination in order to facilitate effective access to redress.

1.11. Considers that indirect discrimination and burden of proof in cases of discrimination based on sex should be defined in accordance with the draft Directives.

1.12. Considers that Article 5(f) of the draft employment directive concerning age limits is unclear, and should be rephrased.

NEED FOR VERTICAL DIRECTIVES

1.13. Welcomes the draft package as an important initial step towards giving effect to Article 13 EC. However, it regrets that due to the Commission's step by step approach in introducing vertical directives, the impression of a hierarchy of discrimination may be created.

1.14. Calls for specific directives to be drafted on the remaining grounds for discrimination covered by Article 13 EC, being age, disability, religion or belief, and sexual orientation (recitals referring to the proposal for a Council Directive implementing the principle of equal treatment between persons irrespective of racial or ethnic origin [referred to in this opinion as the 'directive against racism'] would apply, by extension, to any subsequent proposals relating to the other grounds).

1.15. Considers that the draft employment directive should extend the prohibition of discriminatory treatment in relation to employees' partners (whether same or opposite sex) or family situations.

1.16. Acknowledges that competence for teaching content and educational systems remains a responsibility of the Member States; the COR therefore calls on the Member States to expand the directive against racism to cover the educational field. In this respect, it would be helpful to encourage all forms of schooling in the multicultural society, so that children can get used to cultural diversity at the earliest possible age.

COMPLIANCE

1.17. Considers that the obligation to monitor the composition of the workforce has a considerable consciousness-raising effect, and therefore individual employers or providers of goods and services, whether public or private sector, should be required to record monitor and evaluate compliance with the directives. This requirement should be exercised in accordance with prevailing norms concerning data protection, and should not provide a means of identifying any individual employee.

1.18. Believes that the number of employees is not a good measure of resource capacity, although smaller and larger firms need to be treated differently at times.

1.19. Welcomes the requirement in the directive against racism to establish independent bodies in the Member States, as these will be of immense value in supporting individual victims of discrimination. However it regrets that the requirement to establish independent bodies (Article 12 in the directive against racism) has not been extended to other grounds for discrimination. In consequence, the potential for multiple discrimination is inadequately addressed.

ACTION PROGRAMME

1.20. Calls for one component of the proposed Action Programme to be aimed at increasing knowledge and understanding of multiple discrimination.

1.21. Calls for the second strand of the proposed Action Programme to be accessible to smaller networks and interest groups, as well as the major networks envisaged in the proposal.

1.22. Calls for local and regional authorities and other information-providers to be fully engaged in the proposed Action Programme, because they are best able to raise-awareness of the anti-discrimination package.

1.23. Whilst acknowledging that established European anti-discrimination networks have an invaluable role to play, considers that smaller grass-roots organisations should also be consulted and involved in the proposed Action Programme.

1.24. Calls for all projects funded under the proposed Action Programme to involve stake-holders at grassroots level, and that this should be a factor in receiving EU funding under the programme.

1.25. Regrets that no consideration has been given to contract or grant compliance with respect to funding and calls for this to be rectified.

1.26. Calls on the budgetary authority both to ensure adequate funding for the Action Programme and to ensure that local and regional authorities are eligible for support, whilst reducing red tape (as often called for by the Committee of the Regions).

1.27. Considers that the cross-over between the proposed Action Programme and other existing programmes needs to be explained in greater detail so that greater synergies and complementarity can be found, without supplanting existing initiatives or duplicating what is already being done.

VADEMECUM

1.28. Recalling its resolutions on race and on older people which proposed inventories of good practice in these areas, the COR undertakes to publish a vademecum of anti-discrimination good practice for local authorities as employers, including examples from each Member State of initiatives covering all six grounds for discrimination recognised by Article 13 EC.

COR PERSONNEL POLICY

1.29. Instructs the Secretary-General of the COR to evaluate the personnel policy and employee profile of the General Secretariat and report to the Bureau within one year as to whether the COR will be in compliance with the new legislation — both in law and in spirit — when it comes into effect, and on any actions to be taken in association with this.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the 'Proposal for a Directive of the European Parliament and of the Council on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco products'

(2000/C 226/02)

THE COMMITTEE OF THE REGIONS,

having regard to the Proposal for a Directive of the European Parliament and of the Council on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco products (presented by the European Commission — COM(1999) 594 final — 1999/0244 COD);

having regard to the decision taken by the Council on 15 February 2000, under the first paragraph of Article 265 of the Treaty establishing the European Community, to consult the Committee of the Regions on the matter;

having regard to the decision taken by its Bureau on 2 June 1999 to direct Commission 5 for Social Policy, Public Health, Consumer Protection, Research and Tourism to draw up the relevant opinion;

having regard to the draft opinion adopted by Commission 5 on 6 March 2000 (CdR 32/2000 rev. 1) (rapporteur: Mr Sodano — I/Nl);

whereas Article 95(1) of the Treaty establishing the European Community states that 'the Council shall ... adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market';

whereas Article 95(3) of the Treaty states that 'the Commission, in its proposals (...) concerning health, safety, environmental protection and consumer protection, will take as a base a high level of protection, taking account in particular of any new developments based on scientific facts';

adopted the following opinion at its 33rd plenary session held on 12 and 13 April 2000 (meeting of 12 April).

The Committee of the Regions:

1. Welcomes the proposal, which is prompted by the agreed need to approximate the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco products, in order to eliminate differences which could create barriers to trade and impede the operation of the single market.
2. Notes that, taking as the base a high level of protection of public health, the proposal seeks to reduce levels of tar, nicotine and carbon monoxide in cigarettes, with a view to reducing the harmful effects of smoking tobacco.
3. Stresses that the objective is a significant one, and the instruments for achieving it must be carefully weighed up in order to ensure that they are as effective as possible in securing the anticipated results.
4. Considers it important to alert the Commission to the need to also consider other more important means of protecting public health (in relation to smoking and the protection of

non-smokers, e.g. by regulating smoking in public places and in the workplace), while giving the proposed directive the primary role of removing existing differences and regulating the operation of the single market.

5. Considers that in any case, when assessing the instruments to be adopted, one should also look at their impact on tobacco production, and particularly their possible economic impact in those Member States where tobacco provides one of the main sources of income (cf. the guidelines already issued by the European Commission⁽¹⁾); also considers that the existing situation whereby the EU at the same time supports the fight against smoking as well as the growing of tobacco must come to an end as soon as possible; believes therefore that the EU must maximise its efforts to assist tobacco-growers to shift to other crops or other activities.

⁽¹⁾ While acknowledging a perceived contradiction between Community policy to reduce tobacco consumption and support for raw tobacco production, the Commission points out that discontinuing aid to tobacco growers would have grave implications for around 200 000 jobs in growing and processing (COM(96) 554 final).

6. Would also point out that the proposed directive is more than just a consolidated version of the existing directives. It introduces new provisions whose complexity requires further careful consideration.
7. Welcomes the intention to evaluate the yield of other noxious substances (chemical additives) in tobacco products. The aim here is twofold:
 - a) to achieve a high level of protection of public health;
 - b) to provide more extensive and more uniform information in the Member States, facilitating the removal of barriers to the smooth operation of the single market.
8. Proposes that, as regards b) in particular, a common list of additives be drawn up, together with a single method of analysis for use throughout the EU. This should ensure that there are no discrepancies between Member States' provisions, given that the main aim of the proposal is to approximate such provisions.
9. Considers that the proposed Article 6, dealing with labelling, is unsatisfactory. The Committee has doubts about the effectiveness of this provision, given the tone of the required warnings ('smoking kills'; 'smoking can kill') and the psychological impact of their form (size and colours).
10. Proposes with a view to providing accurate, standardised information about the constituents of the product — that the portion of the packet surface reserved for information purposes be adjusted to the type of information concerned. The information provided should also be more extensive than is currently the case. As regards the colour requirements, it might be sufficient to require that contrasting colours be used so that their content stands out.
11. Agrees with the Commission that terms such as low-tar, light, ultra light and mild are misleading, and wrongly suggest that one product is less harmful than others.
12. Thinks, however, that it would be useful to provide additional labelling to provide direct information on the relative content of the product. A standard EU classification system could be devised, using different colours or conventional terms to denote the varying amounts of the substances present.
13. Calls, however, for effective measures to stave off the worsening poverty which will face tobacco-growing areas. Significant funding and other measures are needed in order to encourage a switch to alternative crops over the medium to long term, in the realisation that in the short term, any alternative crop is not attractive to growers. Similarly, ways should be considered for encouraging tobacco processing companies to switch to other products.
14. Considers that, given the importance of employment and public health issues, the two must go hand in hand.
15. Notes with regret that the Commission has not included the COR amongst the institutions it intends to report to; asks that this omission be corrected in the final text of the directive.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

**Opinion of the Committee of the Regions on the ‘Communication from the Commission entitled
“White Paper on Food Safety”**

(2000/C 226/03)

THE COMMITTEE OF THE REGIONS,

having regard to the Commission's White Paper on Food Safety (COM(1999) 719 final);

having regard to the decision taken by the Commission on 28 January 2000, under the first paragraph of Article 265 of the Treaty establishing the European Community, to consult it on the matter;

having regard to the decision taken by its president on 4 April 2000 to direct Commission 5 for Social Policy, Public Health, Consumer Protection, Research and Tourism to draw up the relevant opinion;

having regard to the decision taken by its president on 5 April 2000 to appoint Ms Bunyan (UK/PES) and Mr Gonzi (I/EPP) as rapporteurs-general, under rule 40(2) of its rules of procedure;

having regard to the general exploratory debate on the subject of the opinion, held by Commission 5 for Social Policy, Public Health, Consumer Protection, Research and Tourism and Commission 2 for Agriculture, Rural Development and Fisheries, under rule 40(3);

considering the concern of COR members for a European food policy that guarantees a high level of consumer health protection;

considering the reference to food safety in the Commission's communication to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on strategic objectives 2000-2005: Shaping the new Europe (COM(2000) 154 final),

adopted the following opinion at its 33rd plenary session held on 12 and 13 April 2000 (meeting of 12 April).

The Committee of the Regions,

1. Welcomes the Commission's determination to develop and implement an EU food policy that ensures the highest standards of food safety.
2. Shares the Commission's recognition that recent emergencies in aspects of food and feedingstuffs have eroded public confidence in the safety of food and the effectiveness of the existing food safety control measures within the EU, whilst at the same time causing farmers significant loss, due to the reduction in demand for products considered to present a risk to health.
3. Believes that an important step in restoring confidence is the placing of the interests of the consumer clearly above all other interests in regard to issues of safety, as evidenced by the decision of the Commission to transfer responsibility for all food safety matters to the Commissioner for Health and Consumer Protection.

4. Agrees that the fundamental principles of food safety and public confidence must be based upon a comprehensive and integrated approach, encompassing the whole food chain 'from farm to table':

- transparency of all actions and opinions;
- maximum information in clear and understandable form being provided to allow effective consumer choice;
- effective traceability of all food, ingredients and feedingstuffs through the foodchain to the consumer, ensuring at every stage of the process the ability to identify all ingredients;
- application of the precautionary principle in appropriate circumstances.

5. Would wish to state its belief that the proper application of Risk Analysis must be seen as the foundation of future EU food safety policy.

6. Recognises the need to acknowledge and respect the diversity and cultural and economic significance of regional and local traditions and customs with respect to food production and taste, and therefore of always seeking the appropriate balance between consumer safety and consumer choice.
7. Believes that the promotion and support of typical food products from different local traditions represents a very decisive way to give consumers healthy foods, and at the same time to help the economies of many rural areas.
8. Endorses the view that there is a need for consistent and effective enforcement of food safety control measures, which must be achieved by ensuring the highest standards of enforcement across the EU.
9. Argues that better compliance with safety standards can be achieved by promoting and assisting with the adoption of effective quality assurance systems by food producers.
10. Acknowledges the necessity to understand the particular requirements of small and medium sized businesses, but this understanding should not be allowed to compromise consumer safety.
11. Considers that agricultural legislation should be further updated in order to guarantee food safety and enable businesses to receive technical assistance and guidance.
12. Would urge the Commission to recognise the essential role played by local and regional authorities in the assessment of food safety risks within their area, in taking action to minimise risk and in the effective communication of information and advice to local consumers, food producers and distributors.
13. Wishes to point out that dietary, nutritional and health risks attached to food affect the socially excluded and vulnerable consumers in significantly greater proportion, and that therefore special consideration should be given to their particular needs when developing and implementing food policy.
14. Considers that whilst there is unquestionably a need to improve food labelling in order to allow consumers to make informed choices about what they decide to eat, it is essential that the information provided with food is easily understandable and therefore helpful to consumers in making such decisions.
15. Emphasises that the application of the principle of traceability of food, ingredients and feedstuffs throughout the food chain is vital in order to ensure that consumers can rely on the claims made about foods.
16. Commends the proposals to develop a European Food Authority in that its creation would demonstrate the commitment of the EU and Member States to raising the importance of food safety to the highest level and believes that the proposals create a context and momentum for radical review and modernisation of European food safety controls and coordination.
17. Would encourage the Commission, in the interests of creating a culture of transparency, to consider how the voice of European consumers from all Member States should be represented in the structure of the European Food Authority, and how to take into account the voices of European farmers, food producers and distributors.
18. Would urge the Commission to ensure that sufficient resources are provided in order that the European Food Authority can become a centre of scientific excellence and effectively carry out the significant tasks that are proposed for it.
19. Recognises the need for clarification of the relationship between any European Food Authority and Member States' own national food authorities that have been or are in the process of being created, so that the work of the European Food Authority will complement and not duplicate the activities of these bodies; in particular a clear hierarchy of duties should be created in order that food authorities in the Member States are certain as to their responsibilities; consumers will also then have more confidence in the advice they are given and the effective functioning of these authorities.
20. Agrees that real added value from a European Food Authority will be realised from its role in coordinating the gathering, analysis and dissemination of information of the highest quality, particularly in response to emergency situations.
21. Is of the opinion that there is a need to organise throughout all Member States an adequate sampling and analysis programme for human and animal foods; this is important in order to guarantee the safety of food and also to help protect European producers from any unfair competition; and in the case of a negative result, immediate action should be taken, including the provision of information to all public authorities, together with the possibility of blocking any importation which should be attempted from outside the EU.

22. Agrees that an effective EU food safety policy must apply to all food consumed within the EU, not simply that produced within the EU, and therefore equivalent compre-

hensive and effective controls must be applied to all food and feedingstuffs entering the EU.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the 'Proposal for a European Parliament and Council Regulation establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No. 820/97'

(2000/C 226/04)

THE COMMITTEE OF THE REGIONS,

having regard to the Proposal for a European Parliament and Council Regulation establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No. 820/97 (COM (1999) 487 final — COD 99/0204)⁽¹⁾;

having regard to the decision taken by the Council on 12 November 1999, under Article 152 and the first paragraph of Article 265 of the Treaty establishing the European Community, to consult the Committee of the Regions on the matter;

having regard to the COR Bureau decision of 17 November 1999 to direct Commission 2 for Agriculture, Rural Development and Fisheries to draw up the relevant opinion;

having regard to the decision taken by its president on 6 January 2000, under rule 39 of the Committee of the Regions' Rules of Procedure, to appoint Sir Simon Day (member of Devon County Council, UK/PPE) as rapporteur-general for the opinion;

having regard to the Draft Opinion (CdR 525/99 rev. 1) adopted by Commission 2 on 24 February 2000 (rapporteur-general: Sir Simon Day),

adopted the following opinion at its 33rd plenary session on 12 and 13 April 2000 (meeting of 12 April).

1. Background

1.1. The BSE crisis and other concerns surrounding food safety have produced increasing political and consumer pressure for systems of labelling which allow a product to be traced back down the food chain to its farm of origin and which provide verifiable assurance of the safe provenance of beef in particular.

1.2. The Commission responded with the Beef Labelling Scheme, which was introduced in 1998, under Council Regulation (EC) No. 820/97⁽²⁾. The prior approval which forms part of this scheme is designed to respond to any claims made by a retail purchaser about the origin, characteristics and production conditions of fresh or frozen beef or veal. A condition of this is that an verification system must be in place. Approval is not necessary where the label only gives customers basic information on price and cut.

⁽¹⁾ OJ C 376 E, 28.12.1999, p. 42.

⁽²⁾ Council Regulation (EC) No. 820/97, 21 April 1997 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products (OJ L 117, 7.5.1997, p. 1).

1.3. The existing scheme was always seen as an interim measure, pending the introduction of a compulsory scheme, and was due to expire on 31 December, 1999. In the event, it was not possible to reach agreement on the proposed compulsory measures and the Council has therefore extended the voluntary scheme until 31 August, 2000, in the expectation of an agreement which would allow its replacement by compulsory measures at that time. In the meantime, the standard EU Regulations governing food labelling will apply to beef, so as to avoid a legal vacuum.

2. The Commission proposals

2.1. The plan is to introduce compulsory beef labelling in two stages.

2.1.1. Stage 1: As from September 1, 2000, operators and organisations marketing fresh or frozen beef or veal must include the following information on the label:

- individual traceability codes, which may be the identification (ear-tag) number of the animal from which the meat is derived or a number relating to a batch of animals;
- region, or member state or third country of the slaughterhouse and de-boning plant;
- approval numbers of the slaughterhouse and de-boning plant;
- date of slaughter;
- category of animal (i.e. steer, bull, heifer etc.);
- ideal minimum maturation period.

2.1.2. Stage 2: As from January 1, 2003, labels would be required to indicate:

- Member State or region or holding or third country of birth;
- Member State or region or holding or third country of fattening;
- Member State or region or holding or third country of slaughter;
- Member State or region or holding or third country of de-boning.

2.2. The European Commission's proposal includes:

- an obligation for Member States to establish control measures;

- exchange of information between Member States;
- supplementary control measures established by the European Commission.

The proposal would also allow some wider geographical definitions to be used e.g. where all the above take place in:

- one or more Member State(s) an indication of 'origin: EC';
- a third country and the EC an indication of 'origin: EC and non-EC';
- one or more third countries an indication of 'origin: non-EC'.

3. Need for a system for the identification and registration of bovine animals and for the labelling of beef

3.1. The COR welcomes and proposes to actively monitor the proposal for the European Parliament and the Council to adopt a regulation establishing a system both for the identification and registration of bovine animals and for the labelling of beef.

3.2. The system will serve two purposes:

- firstly, to meet consumers' concerns about the safety of the food they eat. Their demands for transparency on this subject at local and national level must be followed up at EU level;
- secondly, to provide a clear framework for beef farmers and marketing and processing companies hit by the instability of the beef and beef products market. This will reduce the instability caused by the BSE crisis.

3.3. All over Europe, consumers are making the same calls for transparency about the foods they eat, and particularly about beef. The COR therefore believes that EU action is needed in this sphere, and that no Member State has the right to sidestep measures for guaranteeing food safety for its nationals.

3.4. In order to keep the procedure and the labelling transparent for the consumer, the obligatory details should be kept to the necessary minimum. There should be no requirement that the 'approval number of the slaughterhouse' or the 'ideal minimum maturation period' of the meat be indicated, as this will not increase transparency for the consumer.

3.5. The second stage of compulsory labelling should, if possible, be implemented at the same time as the first stage. As a minimum requirement, the transitional period should be reduced by one year so that the proposed measures would come into effect on 1 January 2002.

3.6. In view of the positive experience gained in connection with optional labelling schemes, system control should in future also be placed in the hands of certified system control enterprises. This would mean that the monitoring role of public bodies, in the Member States concerned, could be confined to that of inspecting the system control enterprises and carrying out checks on food placed on the market.

4. Information for reassuring consumers and dealing with cases of contamination

4.1. In order to fully restore European consumers' confidence in the safety of beef, they must be provided with the most extensive and precise information possible. We cannot, therefore, agree with the Parliament and Council proposal to allow identification of animals by herd or batch and allow the use of such generic terms as 'origin: EC' or 'origin: non-EC'. Information on the individual animal and the specific origin is useful not only to the consumer: it is also vital for ensuring that contaminated products can be recalled if there is a food-safety crisis.

4.2. It is therefore important that:

- the system established by the draft regulation is applied as widely as possible, without exemptions or exceptions. A guaranteed quality and safety standard should be reached for all beef produced throughout the European Union;
- the indications provided for consumers should tell them exactly what they are buying and where the meat originated. This is achieved by mentioning the place of birth of the animal, and the place of rearing, fattening or feeding, and slaughter.

4.3. As a body which is close to the grassroots, the COR wishes to reiterate — as it has done on other issues not related to beef, and most recently in its Opinion of 18 November 1999 on the Commission's communication on a consumer policy action plan 1999-2001 (CdR 181/99 fin) — that consumer safety remains its overriding concern.

5. Conclusions

5.1. The Committee of the Regions approves the principle of establishing a system for the identification and registration of bovine animals and for the labelling of beef and beef products. The information on the label should be confined to what is necessary, feasible and of relevance to consumers. It should not be necessary to indicate the animal's category and the minimum maturation period in Stage 1 of compulsory labelling (1.9.2000). It is necessary in all cases that information be provided on the animal's region of birth, rearing, fattening and slaughter.

5.2. Enforcement of compulsory labelling should however continue to be carried out under approved systems. Supervision by private checking agencies should also be maintained.

5.3. The Committee stresses the need to restore the confidence of consumers and beef producers by establishing a transparent general framework at EU level which meets consumers' general need to have the precisest possible information about the origin and guaranteed safety of the food they eat.

The Committee therefore takes the view that the Commission's proposal with regard to 'geographical definitions' (see the second paragraph of point 2.2 above) fails to satisfy the demand for precise indications and precise information. The Committee proposes that the name of the third country, Member State or region concerned be indicated.

5.4. The Committee also advocates that in future information about the origin of beef which, in addition to indicating the Member State of origin, also refers to the region of origin, should be permitted, if it does not involve a regional indication under Regulation (EEC) No. 2081/92 (protection of geographical information and description of origin)⁽¹⁾.

5.5. The Committee recommends that the system be put in place as soon as possible in order to ease current tensions between certain Member States; these tensions are jeopardising the restoration of confidence which both beef producers and beef eaters are calling for. It would be helpful to avoid as far as possible introducing the system in different stages.

⁽¹⁾ OJ L 208, 24.7.1992, p. 1.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the ‘Communication from the Commission “A concerted strategy for modernising social protection”’

(2000/C 226/05)

THE COMMITTEE OF THE REGIONS,

having regard to the Communication from the Commission ‘A concerted strategy for modernising social protection’ (COM(1999)347 final);

having regard to the decision by the Commission on 19 July 1999, acting under the first paragraph of Article 265 of the Treaty establishing the European Community, to consult the Committee of the Regions on the matter;

having regard to the decision taken by its Bureau on 2 June 1999 to direct Commission 5 (Social policy, public health, consumer protection, research and tourism) to prepare the opinion on this subject;

having regard to its opinion (CdR 277/98 fin)⁽¹⁾ on the Communication from the Commission on the Social Action Programme 1998-2000;

having regard to the conclusions of the Council meeting on 17 December on the strengthening of cooperation for modernising and improving social protection⁽²⁾;

having regard to the Commission’s Work Programme 2000 (COM(2000)155 final);

having regard to the Portuguese Presidency’s Work Programme;

having regard to the draft opinion (CdR 481/99 rev. 2) adopted by its Commission 5 on 6 March 2000 (rapporteur: Mrs Buron (F/PSE);

whereas the European Union must ensure that economic development and social development go hand-in-hand and hence a comprehensive, coordinated approach to economic policy, employment policy and social development is a key prerequisite;

whereas the European social model has to face up to many challenges and will have to be modernised, without undermining the level of social protection but, on the contrary, striving for an inclusive society,

adopted the following opinion at its 33rd plenary session, held on 12 and 13 April 2000 (meeting of 12 April).

The Committee of the Regions

1. Stresses the importance of the process set in motion by the Council Recommendation on the Convergence of Social Protection Objectives and Policies (1992) and draws attention to its active participation at various stages in this process, in particular the European social policy forums;
2. Accordingly welcomes the Commission’s Communication, which is a milestone in this process;
3. Appreciates the Council’s commitment to such cooperation by regarding it as ‘a coherent action, parallel to and interactive with the European employment strategy as well as to macroeconomic dialogue’;
4. Agrees with the Commission in stressing that the management and financing of social protection systems, including welfare schemes, must clearly remain the responsibility of the individual Member States but that the Union can contribute added value by framing common objectives on the basis of exchanges of experiences and the identification of good practice, in the light of a wide-ranging public debate;
5. Recognises the relevance of the four broad objectives proposed by the Commission and endorsed by the Council:
 - to make work pay and provide secure income,
 - to make pensions safe and pension systems sustainable,

⁽¹⁾ OJ C 93, 6.4.1999, p. 56.

⁽²⁾ OJ C 8, 12.1.2000, p. 7.

- to promote social integration,
 - to ensure high quality and sustainability of health care;
6. Nonetheless insists on the key role played by the regional and local authorities in implementing the policies designed to attain these objectives, in their capacity as
- funders of social benefits,
 - managers of welfare services, care for the elderly and vulnerable people, and measures to combat exclusion,
 - catalysts of economic activity and employment, and themselves acting as employers,
 - responsible for democratic debate among the general public,
 - administrators and coordinators of the actions or services of various bodies,
 - champions of subsidiarity,
 - champions of the role of civil society;
7. Therefore appreciates the wish expressed by the Commission and the Council to involve the Committee of the Regions in the process of cooperation for modernising and improving social protection, but calls for this principle to be translated into practice;
8. Reiterates its request to participate in the setting up of a regional and local data base covering the main aspects of social policy with a view to identifying the role of the territorial authorities and the share of the financial costs they shoulder;
9. Calls for the remit of the Working Group of high level officials to take account of the regional and local dimension and to draw on the territorial authorities' experiences and good practice in the sphere of social protection. In this connection, it points to the success of the Territorial Pacts in implementing the Employment Strategy;
10. With this in mind, urges the Member States to ensure that the contribution of their respective representatives on the high level Group is based on wide-ranging consultation at national level (social partners, social security institutions and managers of welfare services, along with organisations representing the territorial authorities and interested NGOs);
11. In its turn, will set up a working group to follow the cooperation process proposed by the Commission and the Council. This working group will be able to liaise with the high level Group and allow the Committee to play an active part on future bodies set up to coordinate social protection and in the high-level forum in June planned by the Portuguese Presidency;
12. Further requests the Commission, when preparing the new Social Action Programme announced for 2000, to take account of the role of the territorial authorities;
13. Lastly, views the European model as guarantee of a high level of social protection and hence part of the *acquis communautaire*; it therefore calls for the applicant countries to be involved in the process of cooperation set in motion, to enable them to assess their country's status with regard to the *acquis communautaire* which they will have to take on board.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the 'Commission Staff Working Paper on non-food crops in the context of Agenda 2000'

(2000/C 226/06)

THE COMMITTEE OF THE REGIONS,

having regard to the Commission Staff Working Paper on non-food crops in the context of Agenda 2000 (SEC(1998) 2169);

having regard to the decision taken by its bureau on 2 June 1999, under the fifth paragraph of Article 265 of the Treaty establishing the European Community, to instruct Commission 2 for Agriculture, Rural Development and Fisheries to prepare an opinion on the subject;

having regard to the draft opinion (CdR 286/99 rev. 2) adopted by Commission 2 on 26 November 1999 (rapporteurs: Mr Censi (Regional Councillor for the Midi-Pyrénées, Mayor of Rodez, F, EPP) and Ms Aubert (Regional Councillor for Provence-Alpes-Côte d'Azur, F, PSE)),

adopted the following opinion at its 33rd plenary session on 12 and 13 April 2000 (session of 12 April).

1. Background

1.1. The working paper prepared by the Commission (Agriculture DG) at the request of the Agriculture Council of 22-26 June 1998 is well documented and interesting, since it describes the present state of the non-food and energy crops sectors.

The paper first carries out an inventory of EU land used for producing crops for non-food purposes.

It then describes agricultural policy supporting non-food products in terms of market organisation and aid schemes.

1.2. This paper is excellent as an inventory; but it contains hardly any appropriate proposals — which the Council also requested.

The first sentence in this working document is very explicit: 'The CAP reform proposed by Agenda 2000 does not foresee a "non-food policy" as such'.

To make sure the message gets through, it has been repeated twice in the body of the text: in point 4 ('Agenda 2000 and non-food crops') 'Within Agenda 2000, there is no specific proposal for a non-food policy as such' and in point 6 ('Conclusions for a debate') 'Within Agenda 2000, there is no specific proposal for a non-food policy as such'.

It would have been very surprising if this working document from the Commission (Agriculture DG) were to go against the Agenda 2000 prepared by the same Commission directorate-general.

1.3. Although the Commission reviews the various non-food crops in detail, the approach adopted is ultimately very general. However, it is extremely difficult for example to compare rapeseed with short-rotation poplar cultivation and medicinal or dye plants.

Although we believe that a non-food policy is necessary, we feel that this matter should be approached with care and discrimination in view of the very different crops involved.

2. General comments

2.1. Agenda 2000 is now a reality, having been ratified by the Berlin Council of 24 and 25 March 1999, and in fact no specific non-food policy has been adopted.

2.2. The absence of a specific policy places 'non-food' in competition with food, with the recurring objective of Agenda 2000 being that the prices of European goods should be the same as those on the world market.

This line of reasoning is not very encouraging for 'non-food' because prices in the oil or chemicals industries are often very low, and lower than those in the agro-food industry.

This is because on the markets in fuels, petrochemicals or fine chemistry, agricultural raw materials compete with products of mineral origin, synthetic products or agricultural commodities produced cheaply in countries where production costs are very low or give rise to automatic compensation based on a guaranteed fixed price.

2.3. This lack of a specific policy, which is referred to three times in the text, is, however, cushioned by the statement: 'Nevertheless, several proposals entail provisions relating to non-food'.

There are market organisations and specific aid schemes for:

- textile linen and hemp;
- cotton;
- starch production;
- sugar for the chemical industry.

2.4. The situation is much more critical for non-food crops produced on set-aside land, in keeping with Regulation (EC) No. 1251/1999 establishing a support system for producers of certain arable crops.

Agricultural producers have seized this opportunity offered to them, but a non-food policy cannot be developed from a principle of non-production (set-aside).

The Commission itself recognises that 'the sustainable development of non-food cannot be based on a set-aside rate which varies from year to year according to the market situation for food commodities'. The set-aside rate proposed by the Commission was 0 % whereas the rate fixed at the Berlin summit (24-25 March 1999) was 10 % for the period 2000-2006.

2.5. As part of the process of exempting biofuels from excise duties, things have to be resited in their context.

Land set-aside was brought in to balance the cereals market. This led to the development of research into non-food uses of agricultural commodities.

Among the most promising sectors identified was that of renewable energies, particularly motor biofuels.

Financial investments were then made in research and processing units for demonstration purposes.

It seems essential to pursue the non-food path when the EU even undertook at Kyoto to cut CO₂ emissions.

One can only regret this strategy that has emerged after a great deal of Commission encouragement for non-food:

- Agricultural research programmes AIR (1990-94) and FAIR (1994-98) with co-financing of research-development-pilot projects concerning non-food;
- Mandate given to the CEN in 1997 on biodiesel specifications;
- Draft directive of 1992 on special tax arrangements for biofuels;
- Industrial set-aside with the 1992 CAP reform;
- the Commission proposal of 17 November 1997 for a directive restructuring the Community framework for the taxation of energy products;
- Commission White Paper on renewable energy sources⁽¹⁾;
- campaign of 14 April 1999 for take-off of renewable energy sources⁽²⁾ which set an objective of 5 million tonnes of biofuels for 2003 compared with the current level of just under one million;
- and this list of Community incentives is still not exhaustive.

The feeling of regret is all the greater when the various research that has been carried out has proved that, thanks to agricultural or industrial technical progress, primary commodities have been made more competitive.

Experiments concerning better crop routing, genetic improvements in seeds and optimisation of processing and end products have provided productivity gains both in terms of cost and respect for the environment.

For example, research has made possible a gain of 0.27 FF/l ester through reduced use of inputs or 0.10 FF/l of ester through use of new hybrid varieties.

Considering that the price difference between biofuels and fossil fuels is nearly 2 FF/l and that the positive externalities associated with biofuel production (with respect to employment, the greenhouse effect and balance of trade) have been estimated at over 1 FF/l, it is to be hoped that biofuels will catch up within the next 10 years.

⁽¹⁾ Commission Communication 'Energy for the future: renewable energy sources. White Paper setting out a Community strategy and plan of action', COM(97) 599 final, adopted on 26.11.1997.

⁽²⁾ Working document (SEC(1999) 504) 'Energy for the future: renewable sources of energy (Community Strategy and Action Plan) — Campaign for Take-Off'.

The number of research projects funded by the Commission and the results achieved show that support by the public authorities in this area is both profitable and necessary.

So, this lack of specific 'non-food' proposals is obvious evidence of political incoherence.

2.6. Climate policy, that is to say, efforts to significantly reduce greenhouse gases, especially CO₂, has been identified as a priority within the European Commission. The EU as a Community has also signed up to the Kyoto Agreement with an ambitious reduction target of 8 %. One of the most important ways of achieving this target is to enforce the use of biomass — or wood — for energy. There are basically two options open: (1) intensifying the use of forests for energy purposes, which would provide a source of income for agriculture in forested areas of the EU without the need for support; or (2) planting and farming 'wood for energy' — for example by cultivating fast-growing, short-rotation woods on land not used for food production — which is a tried and tested method of using non-food crops for energy. Both options should be enshrined as part of a strategy for the use of non-food crops.

3. The COR's recommendations

Now that Agenda 2000 has been completed, what paths should be explored to perpetuate a 'non-food' sector at EU level?

3.1. Although not included in Agenda 2000, a proper non-food scheme is essential to the development of the sector. This scheme should reflect the diversity of non-food crops and propose appropriate solutions to promote their sustainable social, economic and environmental development in the regions concerned.

3.2. In view of the disarray of previous Community initiatives, a 'non-food' task force should be set up at Commission level as soon as possible, so as to have a clear view of the issue and follow a coherent policy.

This task force should bring together all the Directorates-General involved: DG III (Industry), VI (Agriculture), VII (Transport), XI (Environment), XII (Research), XVI (Regional Policy), XVII (Energy), XIX (Budget) and XXI (Taxation).

3.3. The 1992 directive on the taxation of biofuels, which has never been finalised, should be relaunched and there should be EU-level tax harmonisation.

With this in view, the possibility should be provided for each Member State to fix partial or total tax exemptions on biofuels without volume or time restrictions, as proposed in the directive of 17 March 1997. There needs to be more development of the non-food sector than provided for in pilot or demonstration projects.

3.4. Still in the field of taxation, the EU is seeking to introduce eco-taxes. It is important that, right from the start, agricultural products should be exempted from such taxes on the grounds of their environmental benefits (renewability, favourable CO₂ balance, biodegradability, lack of eco-toxicity).

3.5. In addition, as the Commission points out in its paper (point 5 'Rural development and environment'), 'non-food' crops must be incorporated into an overall agri-environmental package.

When the Commission declares in its paper that the lack of a specific European non-food policy does not rule out the retention of certain measures to encourage such crops, then certain remarks need to be made:

- oil-yielding crops which show a production shortfall are not going to be encouraged by this system of aligned direct aid. If prices on the food market remain higher than those on the non-food market, with premiums being equal, there is a risk of a deficit occurring in oil-yielding crops destined for biofuel production;
- the Commission points out that cultivation of non-food crops has developed more in areas of arable production in north-western Europe than in the Mediterranean regions and less-favoured regions. Aid to the tune of 63 euros per tonne multiplied by the average regional yield in cereals is not enough to encourage the development of new non-food crops;
- it is not just crops intended for biomass production that are cultivated over several years; certain industrial plants can be harvested 3.5 to 7 years after being planted, and proposals should be made that cover them.

3.6. In general, a new crop cannot be profitable right away unless it has undergone trials for several years.

It is therefore necessary to continue funding and encouraging research, but it would also be a good idea to think about an aid scheme for developing non-food crops in which industry has shown a real interest. In such cases, start-up aid over a period of five to seven years would be a minimum.

One could also imagine aid — at different rates — assessed in the light of the difference in price with the product to be replaced.

3.7. It must not be forgotten that non-food products lead to co-products that are often protein-rich and intended as animal feed. It should be noted that the EU imports two-thirds of its requirements of protein-rich substances.

It is also clear that the decoupling of aid makes the Blair House agreements obsolete, especially the provision relating to the equivalent of one million tonnes of soya cakes.

3.8. Introducing new crops or recultivating certain species may generate processing activities or create jobs at local level provided the development project uses available skills and is adapted to local conditions.

In view of rural desertification, growing environmental problems and the difficulties that European agricultural commodities are having in finding outlets, one must not overlook non-food products which may help resolve certain problems; one should instead propose a framework that is adapted to their specific profile.

3.9. The objectives set out in the Commission White Paper on renewable energy sources are laudable, but they cannot be achieved unless financial provisions are adopted, which they have not yet been. The political decision-makers, in particular the Parliament, must earmark sufficient funds to achieve the objectives they have set.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the ‘Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: “Towards a European Research Area”’

(2000/C 226/07)

THE COMMITTEE OF THE REGIONS,

having regard to the Communication from the Commission entitled Towards a European research area (COM(2000) 6 final);

having regard to the decision taken by the European Commission on 24 January 2000 to consult the Committee on this matter under the first paragraph of Article 265;

having regard to the decision taken by its Bureau on 11 February 2000 to instruct Commission 5 — Social Policy, Public Health, Consumer Protection, Research and Tourism — to prepare its opinion on the matter;

having regard to the Communication from the Commission on reinforcing cohesion and competitiveness through research, technological development and innovation (COM(98) 275 final);

having regard to the Commission's Proposal for a European Parliament and Council Decision concerning the Fifth Framework Programme of the European Community for research, technological development and demonstration activities (1998-2002) (COM(97) 142 final);

having regard to the Opinion of the Committee of the Regions (CdR 278/98⁽¹⁾) on the Commission's Communication on reinforcing cohesion and competitiveness through research, technological development and innovation (COM(98) 275 final);

having regard to the Opinion of the Committee of the Regions (CdR 158/97)⁽²⁾ on the Commission's proposal concerning the Fifth Framework Programme of the European Community for research, technological development and demonstration activities (1998-2002) (COM(97) 142 final);

having regard to the draft opinion (CdR 33/2000 rev. 1) adopted by Commission 5 on 6 March 2000 (rapporteur: Mrs Blandin);

having regard to the draft Communication entitled ‘Women and science — mobilising women to enrich European research’ which seeks to: define objectives as regards equality of opportunity between men and women in the field of research; consolidate a network of women scientists; and to promote debate and the exchange of experience between EU Member States, as part of a coherent approach under the Fifth Framework Programme (COM 76(1999 — par. 1);

considering the major implications of research with regard to knowledge and development and the possibilities for links between the dynamics of local and regional authorities, Member States and the EU,

adopted the opinion set out below at its 33rd plenary session held on 12 and 13 April 2000 (meeting of 12 April).

The Committee of the Regions:

1. shares the Commission's concern over research and welcomes its perspicacious analysis of the situation and its clear commitment to a European research policy;
2. endorses the desire to optimise the instruments available, to share knowledge and to encourage the transfer and

development of know-how which is seen as a source of social, economic and cultural activity;

3. wishes to highlight the role to be played by the public, particularly with regard to access to knowledge and the establishment of goals, priorities and forums. While respecting the principles of subsidiarity, partnership and proximity, it proposes (a) that a European consultative council for higher education and research be set up, which would enable qualified representatives of civil society to put forward their views alongside representatives of the scientific community, and (b) that local and regional authorities be given a key role in drawing up and allocating Community programmes;

⁽¹⁾ OJ C 198, 14.7.1999, p. 41.

⁽²⁾ OJ C 379, 15.12.1999, p. 26.

4. points out that research is not limited to the physical and biological sciences; it fully recognises the value of the human and social sciences. It proposes that basic research and higher education devoted to the human sciences be provided with support at Community level in a much more significant and bolder way;
5. joins the Commission in stressing the urgent need for a real European strategy based on:
 - shared values,
 - an ambitious policy in respect of human resources (training, status of research workers, mobility),
 - the use of powerful instruments (network of new technologies, reliable and accessible EU patents, improving 'bridges' between research and industrial applications);
6. recognises the positive impact of innovation on employment; wishes to encourage those innovations which bring about sustainable development. Community research aid must be made conditional on the establishment of skilled, long-term scientific posts;
7. affirms the need to ensure that research is not focused exclusively on viable technological applications, i.e. that there should also be a place for free, creative research; calls upon the Commission to ensure this;
8. draws attention to the decisive role played by local and regional authorities in training, assistance to laboratories, support for researchers and links with the expectations of local populations. With a view to the application of the subsidiarity principle, Community programmes devoted to research and regional policies must be coordinated to promote projects for the development of research which are as close as possible to the citizen;
9. reiterates its demands for men and women to be given equal access to careers in research and to research topics;
10. welcomes the Commission's intention to support the funding and operation of European-level infrastructure, networking and synergy between installations and the personnel working in the various countries and strongly urges that national research establishments and programmes be opened up. The Committee calls for the introduction of a real science-promotion policy;
11. highlights the need for new forms of collaboration between public-sector and private research centres. It is frequently the case that the latter bodies have state-of-the-art equipment at their disposal which public-sector bodies are not in a position to acquire;
12. wishes to be involved in the forthcoming debates and in the demarcation of priority areas; will closely monitor the methods used to promote cooperation between key installations. Will keep a watching brief on the proposed stages for implementing the programme and the planned measures;
13. urges that excellence be based more on knowledge, cooperation and the use of intelligent instruments, rather than on competition between geographical areas, exacerbated by globalisation and by liberalisation of the economy.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Resolution of the Committee of the Regions on 'The partnership principle and its implementation in the reform of the Structural Funds 2000-2006'

(2000/C 226/08)

THE COMMITTEE OF THE REGIONS,

having regard to its Bureau decision of 17 November 1999 instructing Commission 1 to draw up a resolution on the partnership principle and its implementation in the reform of the Structural Funds;

having regard to the draft resolution adopted by Commission 1 at its meeting of 1 December 1999 (CdR 434/99 rev. 1; rapporteur: Mr Tindemans, NL/PSE);

whereas it has adopted an opinion on the role of the regional and local authorities in the partnership principle of the Structural Funds (CdR 234/95⁽¹⁾ — July 1995); an opinion on the views of the regions and local authorities on arrangements for European Structural Policy after 1999 (CdR 131/97 fin⁽²⁾ — November 1997); an opinion on the Proposal for a Council Regulation (EC) laying down general provisions on the Structural Funds (CdR 167/98 fin⁽³⁾ — September 1998); and a resolution on the reform of the Structural Funds and the Cohesion Fund in the context of the political debate on the Agenda 2000 package (CdR 1/99 fin⁽⁴⁾) and an opinion on developing a genuine culture of subsidiarity. An appeal by the Committee of the Regions (CdR 302/98 fin⁽⁵⁾ — both March 1999);

whereas the Council adopted Regulation (EC) No. 1260/1999 on 21 June 1999 laying down general provisions on the Structural Funds;

whereas the Tavistock Institute has published the report 'The Thematic Evaluation of the Partnership Principle' (London, February 1999);

whereas the Committee of the Regions has already expressed its views in the declaration on the partnership principle presented at the final conference of a series of COR seminars on the implementation of the reform of the Structural Funds, 2000-2006 — the contribution of local and regional authorities, organised by the Committee of the Regions at the invitation of the Autonomous Region of Madeira on 10 January 2000,

adopted the following resolution at its 33rd plenary session of 12 and 13 April 2000 (meeting of 12 April).

The Committee of the Regions:

provisions are required in the regulations to put the principle into practice;

1. emphasises the importance of the partnership principle for efficient implementation of the Structural Funds;
2. states that the partnership, as described in the COR's opinions, should be essentially broad, involved throughout the aid allocation procedure and should provide a key role for regional and local authorities; and notes that only a few

3. notes Council Regulation (EC) No. 1260/1999, which provides general provisions for putting the partnership principle into practice and seems to ensure the full participation of regional and local authorities;

4. states that Council Regulation (EC) No. 1260/1999 expresses in Article 8(1) the wish for broad partnership and in Article 8(2) the wish for involvement of the partnership in all stages of programming, but that it is up to the Member States to decide how to put this into practice and what role the local and regional authorities can play;

⁽¹⁾ OJ C 100, 2.4.1996, p. 72.

⁽²⁾ OJ C 64, 27.2.1998, p. 5.

⁽³⁾ OJ C 373, 2.12.1998, p. 1.

⁽⁴⁾ OJ C 198, 14.7.1999, p. 1.

⁽⁵⁾ OJ C 198, 14.7.1999, p. 73.

5. stresses that in Council Regulation (EC) No. 1260/1999 the provisions for putting the partnership principle into practice have not essentially changed compared with Council Regulation (EEC) No. 2081/93. However, it could be inferred that the intention is to give regional and local authorities a key role despite the fact that the Member States are still explicitly responsible for the implementation of partnership and of Community assistance at the appropriate territorial level;
6. notes that the plans submitted by the Member States are required to include an account of arrangements made to consult the partners, but that in spite of this it is not known if or how this matter shall or can be reviewed since there does not seem to be a clear and transparent Community responsibility;
7. agrees in general with the conclusions laid down in the Tavistock report 'The Thematic Evaluation of the Partnership Principle', especially as regards the effectiveness of partnership, and agrees that the development of the partnership principle is uneven across Member States and across programmes, giving scope for substantial improvement in many countries;
8. calls the attention of the European Commission and the Member States to the following important aspects:
 - the vertical partnership within the European Union between the European Commission and the Member States should consequently be extended to regional and local authorities, permitting a wider and more even division of power;
 - the desire for a key role for regional and local authorities in regional programming and also their involvement in horizontal programming;
 - the inclusiveness of the horizontal territorial partnership and a clear division of decision-making power between financing and non-financing partners;
 - the integration, or at least co-ordination, of the vertical and horizontal partnerships;
 - better opportunities for regional and local authorities as managing and paying authorities;
 - in principle, one programming document and one partnership per territory to simplify management and control and to restrict bureaucracy;
 - adequate technical support for the partnership to allow all the partners to fully participate;
 - formalisation of the partnership's constitution without loopholes, ensuring transparency over roles and responsibilities, working arrangements and delegated powers and management resources.
9. calls on the European Commission, with regard to the subsidiarity principle, to help Member States and regional and local authorities improve the implementation of the partnership principle by drawing up, in co-operation with the Committee of the Regions, a working document giving examples of good practice and clear models of partnership and consequently providing the requisite information about the various partners' financial contributions.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the 'Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on Cohesion and transport'

(2000/C 226/09)

THE COMMITTEE OF THE REGIONS,

having regard to the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on Cohesion and transport (COM(1998) 806 final of 14 January 1999);

having regard to the Treaty establishing the European Community and, in particular, Title XV (Trans-European networks) and Title XVII (Economic and social cohesion);

having regard to the first official draft of the European Spatial Development Perspective (ESDP) presented at the informal meeting of EU ministers responsible for spatial planning held in Noordwijk on 9 and 10 June 1997;

having regard to the European Parliament and Council Decision No. 1692/96/EC of 23 July 1996⁽¹⁾ on Community guidelines for the development of the trans-European transport network, and the Proposal for a European Parliament and Council Decision, currently under discussion, amending this decision⁽²⁾;

having regard to the Bureau decision of 2 June 1999 to draw up an opinion on this subject in accordance with the fifth paragraph of Article 265 of the Treaty establishing the European Community and to direct Commission 1 for Regional Policy, Structural Funds, Economic and Social Cohesion and Cross-Border and Inter-Regional Cooperation to prepare this opinion;

having regard to the contribution of the Commission for Trans-European Networks, Transport and Information Society (Commission 3) (rapporteur: Mr Tabakidis, mayor of Anargyron, GR/PSE),

having regard to the draft opinion (CdR 390/99 rev. 2) adopted by Commission 1 on 1 December 1999 (rapporteur: Mr Valcárcel Siso, president of the Autonomous Community of Murcia, ESP/PPE),

adopted the following opinion at its 33rd plenary session of 12 and 13 April 2000 (meeting of 12 April).

1. Introduction

1.1. 'Economic and social cohesion' is enshrined in Article B of the Treaty on European Union as a key instrument for achieving 'economic and social progress which is balanced and sustainable' within the EU.

1.2. Furthermore, as is noted in the Communication on Cohesion and transport examined in the present opinion, it has long been acknowledged that there is a correlation between levels of economic and social development and availability of transport infrastructure and services.

1.3. However, the relationship between transport and overall development (and the basis for the latter, i.e. economic and social cohesion) is extremely complex both in theory and in practice. For this reason, any analysis or policy designed to

consolidate and develop the synergies between cohesion and transport needs to be approached with the utmost rigour and caution.

1.4. Against such a backdrop, the Communication on Cohesion and transport, submitted by the European Commission to the Council, European Parliament, the Economic and Social Committee and the Committee of the Regions, should be unequivocally welcomed and favourably assessed. This is the case not only because the communication demonstrates the EU's efforts to date in support of cohesion and transport, but also, and in particular, because it reveals a resolute will to make progress and overcome the limitations which currently remain. To provide very specific examples, the communication:

⁽¹⁾ OJ L 228, 9.9.1996, p. 1.

⁽²⁾ COM(97) 681 final — OJ C 120, 18.4.1998, p. 14.

— notes how sectoral policies liberalising transport services could result in disadvantages for certain population groups or regions;

- highlights how some disadvantages should be prevented and corrected by a transport policy which;
- maintains certain services using public funding and
- reduces disparities between regions regarding accessibility.

1.5. On this basis, the Committee of the Regions wishes to address the following issues:

- the instruments available for assessing results in the field of cohesion and transport;
- the differentiation of modal and environmental policies in heartland and outlying EU regions;
- remote and island regions, and the role which the EU's ports are to play in dealing with these;
- the effects of the abandonment and closure of secondary transport networks on the process of depopulation of disadvantaged inland mountain regions of Europe;
- progress towards greater internalisation of costs by gradually introducing infrastructure pricing systems;
- the coordination of policies and instruments.

1.6. In tackling some of these specific points, and in the final summary of conclusions, the COR stresses views and proposals already put forward in its opinion on the Trans-European transport network⁽¹⁾. In all respects, the COR reiterates the line of argument and the views put forward in this earlier opinion.

1.7. There are major geographical, economic, demographic, cultural and social differences within the European Union. Regions with a high concentration of population and intense economic activity usually enjoy a high standard of living while at the same time there are regions which are lagging behind in their development and experiencing ever more severe depopulation.

1.8. Island and remote regions also have their own specific features. These differences directly affect the rates of growth of each region and, ultimately, their ability to participate on an equal footing in the wider socio-economic construct which is the European Union.

1.9. One of the most significant objectives of Community policy is cohesion, i.e. the creation of conditions enabling the various regions of Europe to have an equal stake in development. This is referred to explicitly in the new Treaty (Treaty of Amsterdam), specifically in Article 2 thereof.

1.10. From as early as 1988, with the re-shaped Structural Funds, the Community put into practice its intention to promote social and economic cohesion politically and economically. Later, in 1993, when the Cohesion Fund was integrated into the Structural Funds, Community policy took on even more specific objectives, namely investment in the trans-European networks. At the same time, the European Investment Bank has been working towards the same political goal by providing loans for regional development works as a matter of priority.

2. Transport and cohesion

2.1. The role of transport, in terms of both infrastructure and the provision of services, is clearly crucial to the development of any region.

2.2. The relationship between economic growth and development of the transport system is scientifically attested even though its exact form and variations have not been defined.

2.3. It is nevertheless clear that a more comprehensive transport system, both in terms of infrastructure and services, is crucial to the development of the various regions, in both the short and long term.

2.4. In the short term, the planning, construction, operation and maintenance of the transport system help to create jobs with direct implications for social integration and the economic prosperity of people living in the various regions. In the long term, the transport system has a direct influence on basic production parameters (the type of production, transport of raw materials, product distribution, storage arrangements etc.).

2.5. The overall stimulation of economic activity in both the manufacturing and service sectors (e.g. tourism) is one of the most important roles of transport.

2.6. Transport is particularly important in areas of farming and fisheries owing to the perishable nature of fresh agricultural and fishery produce which needs to be transported faster than most manufactured goods.

⁽¹⁾ Opinion based on the European Commission's 1998 report on the implementation of the guidelines and priorities for the future (COM(98) 614 final), (CdR 60/99 fin — OJ C 293, 13.10.1999, p. 9).

2.7. The important spatial dimension of transport is also evident. Each region has different needs as regards the transport system to be developed, in terms of both its technical characteristics and its economic dimension. In some regions the transport system has to be designed in such a way that it supports the production model (especially in industrial areas) whereas in other regions, the development of public transport is particularly crucial to promote the social integration of the population (especially in remote or disadvantaged areas) and to maintain the social and environmental balance (areas surrounding large urban centres, concentration of traffic in the EU core regions). The Structural Funds or the Cohesion Fund should be used to support investment in public passenger transport systems which are environment-friendly and encourage intermodality, in order to facilitate sustainable mobility in cities, with due regard also to the accessibility of and links with trans-European networks.

2.8. It is important to emphasise that any inadequacies in the transport system have a direct impact on the cost of living since an inadequate system can function as a kind of informal taxation which increases the cost of products reaching the consumer. These higher costs primarily affect the economically weakest classes in society, and hence cohesion. In addition, this informal taxation which is associated with an inadequate transport system also affects exports of goods produced in such regions.

2.9. In many cases, transport is associated with the concept of universal service and the public interest.

2.10. Typical examples of this are transporting the sick from remote areas to medical centres in urban areas, taking children and young people to school, being able to respond quickly to natural disasters in remote areas and fostering social integration through contacts between different local cultures.

2.11. Against this background, transport should not be judged on strictly economic criteria (economic viability), but considered in the context of a broader socio-economic and environmental analysis. In this respect, it is important to highlight that if lack of or inadequate basic services are not offset by an efficient transport network that diminishes the adverse effects of such deficiencies by providing access for the population of isolated or disadvantaged regions, this will serve to increase depopulation and reduce economic activity, thus hampering returns on transport investment. The result in these regions is a vicious circle in which the growing lack of supply generates a growing lack of demand and vice versa.

2.12. The multiple effects of transport illustrate the importance of taking local specifics into account in the planning and infrastructure of transport in Europe. This is equally true within Member States. It is therefore important to emphasise the ever greater need to respect and implement the subsidiarity principle in the transport sector too.

3. Instruments for assessing results

3.1. The direct relationship between Community transport policy and economic and social cohesion is clear from a joint analysis of Title XII (Trans-European networks) and Title XIV (Economic and social cohesion) of the EC Treaty. Both titles refer to the trans-European transport networks policy as an instrument expected to provide a direct contribution to strengthening economic and social cohesion. This task is defined as 'reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas' (the reference to islands was inserted by the Treaty of Amsterdam).

3.2. Other more general approaches long advocated by the European Commission (White Paper on Growth, Competitiveness and Employment, the challenges and ways forward into the 21st century; 1993) and which have been duly included in the Communication on cohesion and transport, are those which tie in the establishment of transport infrastructure with job-creation.

3.3. In this respect, it is the temporary creation of jobs during the construction phases which first springs to mind. However, it is more worthwhile to focus on the creation of permanent jobs (tied in with new conditions of accessibility and costs) because the perspective is more long-term and because this type of new employment establishes an immediate and permanent functional link between the competitiveness of the productive machinery and economic and social cohesion.

3.4. Lastly, one positive aspect of Community measures in the transport field must surely be greater generation and better distribution of income. This is the final outcome of reducing disparities and generating employment which serves to successfully complete the economic circle in furtherance of economic and social cohesion.

3.5. However, the COR takes the view that tying in transport policy and economic and social cohesion will be no more than a generic principle or wishful thinking if there are no instruments to measure the specific impact of transport policy on economic and social cohesion. In short, and in very general terms, this means measuring the extent to which Community transport policy and each of its individual instruments contribute to achieving the following three key objectives:

- boosting the competitiveness of the European economy;
- establishing the conditions for sustainable mobility;
- and, of specific interest in this context, enhancing economic and social cohesion within the EU.

3.6. The lack of quantitative instruments (indicators and measuring variables, evaluation procedures, etc.) is evident both in specific measures and at the wider level of infrastructure networks and transport services. According to the Committee's information, the European Commission has in recent years been striving to improve matters, but even so:

- for a specific infrastructure, service, measure or project, it is difficult to
 - ascertain 'ex ante' the level of Community interest in line with the cohesion policies, and
 - evaluate 'ex post' the extent to which the objectives have been achieved; and
- for policies and overall infrastructure and service networks, it is difficult to
 - determine whether the effort is actually being channelled in the right direction, and how accurately (or with which overall or specific exceptions), and
 - identify instruments for strengthening or correcting the effects obtained.

3.7. Consequently, the COR wishes to propose that the 'horizontal' R&D measures promoted under Community transport policy include a careful consideration of the design and preparation of quantitative indicators and appropriate methods so that the contribution of Community transport policies to the following areas may be continually assessed:

- enhancing the competitiveness of the productive machinery;
- achieving sustainable mobility and modal distribution;
- improving at least two basic factors of economic and social cohesion, i.e. inter-regional accessibility and employment.

4. Different policies for heartland, outlying, island and landlocked areas

4.1. On previous occasions, the Committee of the Regions has emphasised the need for Community transport policy to take account of the individual problems posed in the different types of region within the EU, in each case seeking specific solutions to specific problems:

- 'heartland areas', where the key problems are more related to competitiveness and capacity and where the impact of external factors (particularly environmental ones) is crucial;
- 'outlying areas', where problems relating to income and employment, accessibility, depopulation and economic and social cohesion, are unavoidable and where the impact of external factors may be relatively minor.

4.2. It is equally important to take into account the so-called Northern dimension. The more Northern countries differ from other EU regions in terms of their climate, situation, economic geography and geopolitics. The sparse population and sheer size of Northern regions lend them specific features which need to be addressed by Community transport policy. There are also specific transport problems in many mountainous, landlocked and severely depopulated areas in the Southern hinterland which should be given individual treatment.

4.3. The Communication on cohesion and transport states that the needs in outlying regions have been taken into account in designing the trans-European networks⁽¹⁾. However, the COR voices its concern that although the needs of peripheral, landlocked and island regions have obviously been taken into account, they have not been treated specifically or differently to those of heartland regions. Such individual treatment, if applied from the outset, would have been of considerable value in helping to provide clear and quantifiable objectives in terms of accessibility and economic and social cohesion.

4.4. The COR feels that the self-same examples cited by the communication in support of its theory (networks of airports and ports) actually confirm the doubts expressed by the COR. It is all very well, from the point of view of accessibility that small airports in remote island regions (regional connecting points and accessibility points in the airport system) have been included in the trans-European networks. However, other selection criteria linked to traffic thresholds and an extremely loose definition of 'landlocked area' have meant that many small regional connecting points and accessibility points in the airport system have also been selected in heartland areas with excellent land connections and none of the problems of landlocked areas (in some cases, these points are less than 50 km apart).

⁽¹⁾ COM(98) 806 final — paragraph 26.

4.5. The concern voiced regarding the consideration of outlying areas in designing the trans-European networks is reinforced by the conclusions of some studies requested by the European Commission. The following conclusions come as no surprise and clearly reveal how the process works⁽¹⁾:

- medium-sized cities in centrally located regions and located on the TEN nodes or corridors tend to obtain the major accessibility gains;
- also, but to a lesser extent, the main metropolitan areas are also major beneficiaries from TEN implementation;
- for outlying and remote regions to gain the maximum benefit from the TEN, complementary investment in secondary networks will be required.

5. The role of outlying ports

5.1. Ports and maritime transport networks, as pillars of multimodality, are of particular interest to outlying regions, most of which have extensive coastlines and some of which are extremely remote island regions. For such regions, medium-sized and small ports could play a crucial role in providing economical transport capable of very successfully filling the gaps in land transport (both the physically unavoidable and the historically-based gaps).

5.2. Although mentioned previously under policies suited to outlying regions (see point 3: Different policies for outlying and heartland areas), the case of ports within Community transport policy merits specific comment in light of the special treatment of ports in the process of defining the trans-European transport infrastructure networks.

5.3. At the outset, the European Commission and the Council of Ministers decided not to identify any specific ports and simply set the conditions for identifying 'port projects of common interest'. To justify this approach⁽²⁾, the Commission cited the special nature of port activity, which meant that free competition could be affected if some ports were included in the trans-European networks and other were not. Such reasoning was plausible, but could largely be applied to other infrastructures for which the proposal did actually set out the relevant plans.

5.4. During the process leading up to the adoption of European Parliament and Council Decision No. 1692/96/EC on Community guidelines for the development of the trans-European transport network, the Parliament managed to secure the inclusion of a formal declaration committing the European Commission to submit a new proposal in 1997, so that maritime ports would be treated in the same way as airports (identification of specific ports on the basis of size and spatial criteria).

5.5. The European Commission honoured its commitment by submitting a Proposal for a European Parliament and Council Decision amending Decision No. 1692/96/EC⁽³⁾. The proposal includes maps identifying specific ports of Community interest, and ports and 'intermodal transshipment areas' are incorporated into the trans-European combined transport network. However, honouring the commitment should be regarded as a purely formal exercise given that the Commission chose to identify all minor ports.

5.6. From the point of view of outlying regions this conclusion cannot be looked on favourably, as the inclusion of a large number of small ports in heartland regions detracts from the special importance of ports for transport in outlying regions. Community resources are limited and if almost all ports have access to them the overall effectiveness of their implementation will be drastically reduced. The European Commission's approach may also run counter to current trends in maritime transport, encouraging increasing specialisation and function-based ranking of port systems.

5.7. The COR considers that the best approach would be to combine restrictive selection criteria relating to volume of traffic or activity with open but well-defined criteria based on the region's specific needs and accessibility. Such an approach, in theory applicable to any of the transport modes included in the trans-European networks, would help to best reconcile the objectives of competitiveness and of economic and social cohesion.

6. Infrastructure charges

6.1. In 1998 the European Commission submitted a White Paper on Fair payment for infrastructure use: a phased approach to a common transport infrastructure charging framework in the EU⁽⁴⁾ advocating the general application of the 'marginal social cost' charging principle (including a definite internalisation of external costs). As is well known, and with considerable differences remaining between EU Member States, charges for the use of infrastructures are currently levied only for roads (toll-paying motorways and some large infrastructure works) and partially or not at all for rail, ports, airports and inland waterways.

6.2. The COR points out that building marginal costs into charges assumes some crucial factors in the structure of cost functions. This means that costs must rise with the volume of production, and need to be steady and attributable in all aspects, otherwise the concept of marginal costs is meaningless. Unfortunately, the capacity of almost all basic infrastructure and, in particular, the capacity of transport infrastructure cannot be altered gradually. Consequently, the COR considers that there are even shortcomings in the theory behind the pricing policies advocated by the Commission.

⁽¹⁾ COM(98) 806 final — paragraph 27.

⁽²⁾ COM(94) 106 final — paragraph 76.

⁽³⁾ COM(97) 681 final — OJ C 120, 18.4.1998, pg. 14.

⁽⁴⁾ COM(98) 466 final.

6.3. Another theoretically debatable argument put forward in the European Commission's White Paper is the assumption that 'marginal social costs' will result in an optimum price ensuring the best allocation of resources. Such an assumption works in theory but ignores the fact that in order to obtain the optimum price the 'marginal cost' needs to match the 'average cost'. As a result of this oversight, which attempts to circumvent the problem of not being able to alter transport infrastructure capacity gradually, the White Paper becomes tangled up in the problem of the capacity-price ratio without finding a satisfactory solution.

6.4. If, however, the theoretical and practical problems posed by the possible inclusion of set-up capacity costs are resolved, infrastructure charges may provide an effective instrument for addressing capacity problems in large, congested infrastructures, problems of allocating resources within the transport economy, and wider economic competitiveness problems.

6.5. Much more debatable is whether infrastructure charges constitute an effective instrument for or have an acceptable impact on addressing generic shortcomings related to accessibility and cohesion objectives.

6.6. The Communication on cohesion and transport, referring to the White Paper⁽¹⁾ itself, maintains that '... there is no reason to believe that, as a general rule, peripheral and less developed regions would be adversely affected by the application of a marginal cost charging scheme'. However, in a footnote still referring to the White Paper, the communication then:

- recognises that such charges should be differentiated so that regions with less congestion and pollution would be less affected and;
- calls for flexible and gradual implementation of price reforms in those instances where there would be concern that higher transport user charges would impede the economic development of peripheral or less developed areas.

6.7. The fact that the communication voices so many concerns, even opening the door to a possible subsidy or compensation scheme for this purpose, demonstrates that there are solid grounds for the COR's caution. In short, the possible impact of general charges for the use of infrastructures on economic and social cohesion has not yet been adequately studied. Furthermore, when appropriate, the impact should be assessed in terms of transport costs and taxation.

6.8. The COR considers that pricing could pose the problem that economically developed regions would be better placed to recoup costs through a future increase in economic activity

and the resulting wealth. Less economically developed regions, on the other hand, would be less able to recover costs in that the potential benefits derived from pricing will be limited by the relatively weak capacity of their economic systems.

6.9. In conclusion, the COR considers that the issue of charging for the use of infrastructure must be addressed with rigour and caution.

7. Coordination of policies and instruments

7.1. The Committee of the Regions takes the view that the coordination of policies and instruments available in the transport field poses a very wide range of complex problems. The EU institutions have been examining these problems but every effort must be made to facilitate solutions.

7.2. First of all, there is the theoretical and practical coordination between liberalisation policies (seeking widespread implementation of market practices in the sector) and policies more directly linked to economic and social cohesion objectives, including, in particular, public utilities and trans-European networks policies.

7.3. Several paragraphs of the communication address this problem, with comments which are warmly welcomed by the COR both for their specific content and for the underlying concern they reveal.

7.4. The COR welcomes the communication's comments and proposals on transport policies and the activity of the European Commission. These should be further underscored by the idea that competitiveness and cohesion are two equally significant objectives to be jointly and equitably achieved.

7.5. A second problematic aspect of coordination relates to financial policies and instruments for spatial planning and for transport infrastructure and services.

7.6. The correlation between land occupation and use and the structure of transport networks is even more self-evident than the correlation between economic and social development levels and availability of transport infrastructure and services (paragraph 1.2). The communication shows that most of the Community resources invested in transport infrastructure do not come from specific transport funds (the budget line for trans-European networks and the Cohesion Fund for trans-European networks), but rather from other Structural Funds with the direct objectives of regional development and spatial planning (ERDF, Regis, Interreg, etc.).

7.7. In future, and as is rightly stated in various parts of the communication, the problem of accessibility should be resolved by taking joint account of the main trans-European networks, the networks enabling access and distribution to and from these, and local networks.

⁽¹⁾ COM(98) 806 final — paragraph 37.

7.8. In this regard, the COR feels that it might now be appropriate to establish a complementary sectoral instrument similar to the current Community Support Frameworks (CSF). Such an instrument would provide an overall view of all transport networks and services and give an overall structure to the corresponding Community policies and instruments.

7.9. The third and final aspect of coordination relates to the financing arrangements. Here the COR is particularly keen that formulas be sought to involve private funding in the development of infrastructure and public-private schemes.

7.10. The COR assumes that the use of private resources to fund infrastructure will be an inevitable fact-of-life in the future. The COR also feels that the private sector's involvement in infrastructure funding poses many more difficulties in less developed outlying, island and landlocked regions, where the volumes of traffic and transport mean that the financial return on investment provides little (or less) incentive.

7.11. In this respect, the COR calls upon all the EU institutions and players concerned to employ the maximum creativity and effort in designing and fine-tuning joint schemes. Such schemes should either involve the public and private sector at once or combine entirely private intermediate funding (construction and running) with a final payment which is totally or partially public (shadow tolls, etc.).

8. Transport and cohesion in the run-up to the accession

8.1. The Commission communication makes specific reference to Community policy towards the applicant countries. This policy is based on the same criteria and proportions as those so far applied within the Community. Particular importance is attached to the fact that the new Member States will have to be in a socio-economically cohesive relationship with the present Member States. Transport will play a major economic, environmental and social role in the enlarged Europe.

8.2. From the beginning of 2000, a new Community fund (ISPA) will provide resources primarily to finance transport infrastructure in the applicant countries, with particular emphasis on extending the trans-European networks to these countries. The aim of this policy is to ensure that the new Member States have a level of services with a high socio-economic value.

9. Summary of conclusions

9.1. The Committee of the Regions broadly welcomes the concern and willingness demonstrated by the European Commission's Communication on Cohesion and transport, with a view to boosting the contributions of these policies

to developing the most vulnerable regions and enhancing opportunities for the least favoured groups.

9.2. From this point of view, the Committee considers that ensuring the different EU regions have an equal stake in economic and social prosperity constitutes the cornerstone of Community policy. In this respect, transport is an important means of implementing regional policy and should be regarded as such.

9.3. The Committee reiterates the line of argument and the views put forward in its opinion of 3 June 1999 on the trans-European transport network⁽¹⁾, containing a detailed examination of subjects which are only briefly or indirectly considered in the present opinion.

9.4. The Committee takes the view that Community transport policy, in particular trans-European network policy, should help to create a new 'inter-regional accessibility map' for the EU. This map should reduce disparities between regions and lay down minimum accessibility thresholds for travel to and from all parts of the EU.

9.5. The Committee believes that rigorously measuring the impact of Community transport policy on the competitiveness of EU industry and EU economic and social cohesion, is vital for evaluating this policy and for devising and applying supportive or corrective measures; the problem of increasing environmental pollution in the core regions should be included here.

9.6. The Committee urges the institutions, and the European Commission in particular, to ensure that the immediate planning of Community transport policy includes provision for fleshing out the requisite indicators and methods, with a view to continual assessment of Community transport policy's contribution to competitiveness and economic and social cohesion (accessibility and employment).

9.7. The Committee considers that the problems to be addressed by Community transport policy vary somewhat throughout the different parts of the EU, as there are:

- 'heartland areas', where the key problems relate to competitiveness, capacity and pollution problems and where the impact of external factors is crucial;
- 'outlying, island and landlocked areas', where problems relating to income and employment, accessibility, depopulation and economic and social cohesion, are unavoidable and where the impact of external factors may be relatively minor.

⁽¹⁾ 1998 report on the implementation of the guidelines and priorities for the future, COM(98) 614 final, (CdR 60/99 fin — OJ C 293, 13.10.1999, p. 9).

9.8. The Committee believes that acknowledging the specific nature of the problems faced by individual regions and the need to find appropriate solutions demonstrates how vital it is to implement the subsidiarity principle more effectively at local and regional level.

9.9. The Committee takes the view that such circumstances should be taken into account by Community transport policy so that the most appropriate solutions are implemented in each region.

9.10. The Committee stresses that under no circumstances should the quest for the most appropriate solution in each region be allowed to undermine equal opportunities for the least favoured EU populations and regions.

9.11. The Committee asks the European Commission, in its transport policy reports, assessments and action, to be ever mindful of the need for a differentiated approach tailored to match the characteristics of each region.

9.12. The Committee calls upon the institutions most directly involved — i.e. the European Parliament, Council of Ministers and European Commission — in the forthcoming review of the Community guidelines for the development of the trans-European transport network:

- to adopt a more committed stance on
 - the overall planning of infrastructure and transport services,
 - the need to specialise and rank unimodal networks,

- the need to make best use of Community resources in keeping with criteria and objectives striking a balance between environmental repercussions, competitiveness and cohesion;

- to introduce demanding selection criteria in relation to capacity and volume of traffic and transport;

- to introduce more open but well-defined criteria regarding accessibility and spatial planning.

9.13. The Committee urges the European Commission to press ahead with the analysis and propose specific solutions and measures for the theoretical and practical problems which may result from infrastructure pricing policies based on 'marginal social costs', particularly with regard to:

- the repercussions on modal distribution and transport costs in heartland and outlying areas;
- the creation of capacity and accessibility in less developed regions;
- the tax-related repercussions and their presumably different impact on 'strong' and 'weak' regions.

9.14. The Committee asks all parties concerned at European, national and regional and local level to ensure the coordination of policies and financial instruments for regional development and spatial and transport planning. A useful basis for this could be a global overview of all transport networks and services.

9.15. The Committee urges all European institutions and socio-economic players to give thought to appropriate specific formulas for involving private capital in the financing of infrastructure in outlying and less developed regions.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the 'Sixth Periodic Report on the Social and Economic Situation and Development of Regions in the European Union'

(2000/C 226/10)

THE COMMITTEE OF THE REGIONS,

having regard to the 'Sixth Periodic Report on the Social and Economic Situation and Development of Regions in the European Union' (SEC(1999) 66 final);

having regard to the Commission's decision of 1 September 1999 to consult the Committee on this subject, in accordance with Article 265 (1) of the Treaty establishing the European Community;

having regard to its Bureau's decision of 2 June 1999 to assign the preparation of an opinion to Commission 1 for Regional Policy, Structural Funds, Economic and Social Cohesion, Cross-Border and Inter-Regional Cooperation;

having regard to the draft opinion (CdR 388/99 rev. 2) adopted by Commission 1 on 1 December 1999 (rapporteur: Mr Bazin, regional councillor for Bourgogne, F/PPE),

adopted the following opinion at its 33rd plenary session of 12 and 13 April 2000 (meeting of 12 April).

1. Introduction

1.1. The Sixth Periodic Report on the Social and Economic Situation and Development of Regions in the European Union analyses and comments on the impact of regional policy within the European Union and the results of the cohesion process. It also focuses on development in 10 central and eastern European countries and Cyprus.

1.2. The report was published by the European Commission on 23 July 1999 and is the last in a series of documents it publishes every three years. In accordance with Article 130b of the Maastricht Treaty⁽¹⁾, the Commission produces three-yearly reports on economic and social cohesion, incorporating analyses made in the periodic report. The first report on cohesion was presented and adopted in 1996.

1.3. Access to accurate, detailed and regularly up-dated economic and social data covering the entire European Union is a must. This report marks a considerable step forward from its predecessors, since, as well as successfully updating the information, it offers new and interesting perspectives on economic globalisation, the development of the information society, the changeover to the euro, the enlargement of the Union towards eastern Europe, the regional economy and the labour market.

1.4. This enables a relatively objective assessment to be made of the major regional trends of the last decade of the 20th century, in terms of the economy, the labour market, and demographic patterns. It is also a means of analysing regional capacity for competitiveness, and assessing changes in those regions assisted by the European Structural Funds and those not. Furthermore, it is a means of knowing and comparing the situation in ten countries of central and eastern Europe and Cyprus.

1.5. On the whole, therefore, the Committee of the Regions welcomes the work done for the sixth periodic report on the situation and development of the regions in the European Union. The report is a landmark in the analysis of regional data and illustrates the progress made in the field since the publication of the fifth periodic report in 1995. There is still a lot to be done to complete the picture, but now the way ahead is clear, providing efforts to harmonise European statistics are continued and the research accompanying the work of the ESDP fulfils its promise. The competitiveness approach (second part of the report) is important and deserves applause as it touches the heart of the matter and opens up new horizons for understanding and resolving divergent regional development in Europe.

2. Suitability of the analytical framework

2.1. The basic unit of the report is the region. Although this appears to be the only analytical basis on which the data can be compiled and collated, there are clearly major disparities

⁽¹⁾ Article 159(2) of the Amsterdam Treaty.

between the regions concerned on a number of counts. Some are historic entities, others are recent groupings of smaller entities, established at completely different times, and with widely differing geographical dimensions. Their responsibilities and powers also vary, especially in economic terms. There are frequent problems involved in comparing entities that have very little in common with regard to their history, culture, administration, politics and economy.

2.2. The limitations of the analysis are especially glaring in the light of the economic theory that distinguishes between polarised regions (those with an active centre draining activity from the surrounding area) and homogeneous regions (composed of similar sub-regions). Some of the NUTS 2 regions, for instance, are of a polarised nature, whereas others are homogeneous. This distinction is not made in the report, except implicitly with reference to large urban service centres, industrial regions with medium-sized cities or rural regions. It is, however, difficult to compare polarised regions and homogeneous regions. Furthermore, the case of city-regions is atypical.

2.3. An inevitable but somewhat distorting statistical effect can sometimes negate analyses of inequality between regions. The larger and more populous the region, the more likely it is that indicators will be based on averages that mask sharp contrasts. A region thought to be wealthy will often contain pockets of poverty. It is clearly the job of every Member State to establish its own standards of social equity, but the European Union cannot simply disregard these situations, which can often lead local people to question the 'European idea' and hold the European Union responsible. It should be noted that the NUTS 2 classification is based on the decisions of each Member State and cannot hope to meet the optimal criteria set by the European authorities in all circumstances. The Committee of the Regions hopes that the necessary resources will be deployed to gradually improve the quality of the statistics and provide a better picture of the inequalities within Europe's regions; and it would be prepared to play a part in that process.

2.4. The data on the ten central and eastern European countries and Cyprus are brief and occasionally insufficiently reliable, in spite of recent statistical progress. A partnership should possibly be established to improve the quality of this information, which will be essential for the enlargement of the European Union and the credibility of any future regional policy.

2.5. The Committee of the Regions would recommend the use of more finely-tuned and reliable indicators to measure

interregional inequalities. In the report they are assessed basically as a function of the ratio of GDP per head in a specific region to average GDP per head for all the regions. This is a somewhat simplistic method in the light of the more sophisticated tools economic science has to offer in this day and age. The relevance of criteria quantifiable largely in financial terms is questionable, as societies can develop differently and give priority to other values. The 21st century may witness the development of personal or social 'demand' focused more on spiritual aspirations, ideals of solidarity and ecological objectives, setting greater store by food quality and needs relating to physical health and quality of life, etc.

2.6. Furthermore, the Committee of the Regions recommends eliminating the effect of regional population changes in future. The advantage of GDP per capita is that it enables the situation in the regions to be evaluated from the viewpoint of individuals, but the disadvantage is that changes in the overall situation of a region are hidden by changes in the number of inhabitants. Thus a region that has grown wealthier while attracting more inhabitants in search of work may seem to have made less progress in terms of per capita GDP than in terms of regional GDP. The GDP per head ratio, therefore, tends to underestimate inequalities. The weakness of basing the analysis on GDP per head alone is offset, however, by the detailed study in the second part of the report of the factors that contribute to GDP formation and regional competitiveness.

3. Sustained high unemployment and the means of addressing it

3.1. Unemployment and underemployment are the most serious concern of the Committee of the Regions. It therefore seems appropriate to examine this aspect of the report first. Although the situation is improving in places, the European Union still has a high unemployment level, which affects 16,5 million people and is at the root of major human difficulties and social ills, as well as economic imbalances in the geographical breakdown of the production of goods and services.

3.2. The report underlines the fact that unemployment persists in the places it has taken root, and that any reductions do not make up for the increases. Pockets of geographically-localised unemployment are still necessarily at the top of the agenda. Unemployment is extremely unequally spread over the Union. A decade on, it is still the same 25 regions that are least affected by the problem. In the regions with least access to work and jobs, the unemployment rate has risen over the same period from 20 % to 24 %, in contrast to the 4 % rate in the more privileged areas. Long-term unemployment is on the increase, along with unemployment among young people looking for their first job.

3.3. The report suggests that approximately half the unemployment can be put down to a structural situation caused by an imbalance in the structure of supply and demand for labour. The Committee agrees with this analysis, while feeling that the report could have drawn clearer conclusions in terms of:

- the need to develop initial and continuing training, the key to adapting people to the requirements of the labour market and the major changes it is currently undergoing;
- the dissemination of information on the labour market, to both companies and job seekers, especially in an EU-wide context;
- measures to ensure labour market flexibility.

3.4. The report is not very forthcoming on the subject of female employment. It notes that women, who often have children to take care of, should have access to part-time work and flexible hours. This makes it harder for women with children to secure high-level jobs. The Committee of the Regions believes that more definite progress is needed to achieve equality between men and women with regard to work and access to economic and social responsibilities. A debate is also needed on the adverse and beneficial effects on women of positive discrimination measures provided for under family policy in certain countries. The report, meanwhile, highlights the link between low unemployment and high female employment. This is partly explained by women working part-time or special hours. The report points out that 80 % of women working under such arrangements choose to do so. Healthy economies need people to work part-time, special or flexible hours; as women are more interested in such arrangements than men, more of them are employed.

3.5. On interregional inequalities, the report shows that certain regions have an unsatisfied demand for labour while others are in the opposite situation. The problem could be eased through measures to encourage spatial mobility (foreign language learning, more flexible labour market, teleworking, etc.).

3.6. The report could have shed more light on the Commission's position on the relationship between the social protection provided for job seekers and the constituent factors of unemployment. It gives little attention to minimum salaries, unemployment benefits or, more generally, worker assistance and protection. However, there is currently no clear-cut answer to this question, either in practical or theoretical terms.

3.7. Several times, the report states that regions with a high proportion of jobs in agriculture and connected activities often have an unemployment problem, and it recommends that those regions diversify towards industry and services. This view is not entirely accurate, however, as it is necessary to avoid any rejection of farming, any belittling of its economic and social importance, or the wider acceptance of an excessively production/productivity-based model. A move towards less intensive agriculture, paying greater attention to environmental standards and matching consumer demand for natural products, could save and create new jobs in Europe. Not all regions have the same predisposition to produce food products, but, with the right help to make the necessary changes in production methods and prepare for the future, some could specialise to social and economic advantage.

3.8. The report is right to state that the economic base of the least favoured regions must be strengthened, i.e. by developing outward-looking activities. While this concept is acceptable at a microeconomic level in a region, bearing in mind the shortcomings of the regional economic base model, the overall benefit to the European Union depends largely on exports outside the Community market.

4. Demographic trends reach crisis point

4.1. There is no question that demographic trends are reaching crisis point. The report's forecasts stretch up until 2020, and are based on current trends. It therefore appears probable that:

- low birth rates will result in the ageing of the population, with all the social and economic consequences that entails;
- the active population will also age, raising very serious questions as to the competitiveness and adaptability of human resources in Europe, faced with a changing world;
- the labour supply and active population will start to shrink from 2005/2010 onwards; this will be an imbalanced process and will depend on the immigration policy chosen by Member States and the European Union.

Very soon, cohesion will require a new vocabulary, centred on population, rejuvenation and the generation balance.

4.2. The report points out the effects of an ageing active population on the lack of worker adaptability to new technologies. If the work force is to remain dynamic, priority must be given to research into measures designed to promote continuing training, access to a wider range of technologies and the implementation of management techniques suited to a population at an advanced stage in its working life.

4.3. Quite rightly, the report examines the ageing phenomenon from the viewpoint of the dependency of the elderly, which is set to have a major impact on the social budgets of the Members of the European Union in the coming years.

4.4. Without youth, a dynamic renewal of generations and a policy to boost birth rates, Europe will grow old and lose the staying power which can only come from the rejuvenation of its human resources.

5. Convergence is a reality but some areas are still lagging

5.1. The report states that there has been genuine convergence, and notes that over the last 10-year period, GDP in the 10 regions where it was lowest has risen from 41 % of the EU average to 50 %. It also mentions that the GDP of the 25 poorest regions is up from 52 % to 59 % of that average, while the GDP of the four 'cohesion' countries has shifted from 65 % to 76,5 % of the average (estimated at 78 % for 1999). It states in particular that trade between those four countries and the Member States of the Union doubled over the same period.

5.2. Some areas are still lagging, however, and it is clear that even in the cohesion countries, where the report's findings argue for a new policy, towns and cities are more often than not still attracting GDP to the detriment of rural regions. This uneven distribution of GDP is a reality throughout Europe, it is a root of social tension and the Union has paid out considerable sums to try and reverse the process and will continue to do so. However, care must be taken to ensure that the free enterprise that is so precious to the EU does not generate excessive imbalances in the growth of Europe's regions. The European Union's regional policy must not just fight the imbalances that arise from the current climate of mergers, globalisation and relocation, but also contribute to preventing them in the first place.

5.3. The Committee of the Regions applauds the progress made by several of the less privileged European regions in recent years. The advances made between 1991 and 1996 appear to have been significant and rapid, though largely owing to growth in the new German *Länder*. Meanwhile, between 1986 and 1991, the apparent decline in growth was the result of the opposite phenomenon in the same region. Growth in the regions outside the new *Länder* in fact been more or less steady.

5.4. Overall, three main phenomena stand out: continued buoyant growth along the urban, industrial axis that crosses the European Union diagonally, further strengthening these growth poles; uneven progress made by the Objective 1 regions in catching up; and weak growth in several so-called peripheral regions that do not qualify for Objective 1.

5.5. The Committee has doubts as to whether the average should be used for country convergence analyses. By grouping the four cohesion countries together to show convergence, table 1 in the statistical annex to the sixth report hides the fact that growth in Greece and Spain during the 1991-1996 period was lower than the European average (+1 % and + 1,3 % average annual growth respectively in contrast to the +1,5 % European average). Clearly, with strong Irish growth (+7,1 % annual average) brought into the equation, the four countries taken together show much higher average growth (+1,7 % as opposed to +1,5 %). The wisdom of using the average here is highly debatable.

6. Competitiveness

6.1. The report opts to measure the competitiveness of the regions by the ratio of GDP/population to output per inhabitant, already used to assess regional development levels. This appears to be a far cry from the two definitions of competitiveness proposed by the same report, namely 'the ability of companies, industries, regions, nations and supra-national regions to generate, while being exposed to international competition, relatively high income and employment levels' and above all 'ability to produce goods and services which meet the test of international markets, while at the same time maintaining high and sustainable levels of income'. The choice of GDP per head does not really solve the problem. Being competitive means producing at prices lower than or equal to world prices, with employment the natural consequence. The report does not examine competitiveness so much as provide an explanatory breakdown of disparities per head. The analysis is interesting, but calls for a number of comments.

6.2. The report in actual fact considers that $\text{GDP/population} = (\text{GDP/employment}) \times (\text{employment/working-age population}) \times (\text{working-age population/total population})$. The last element in the breakdown (working-age population/total population) goes by the board somewhat as it contributes little to overall change and is little influenced by policy. The report mentions earlier, however, that this ratio is decreasing over time.

6.3. The report uses the two other elements to define competitiveness, the ratio (GDP/person employed), i.e. labour productivity, and the ratio (employment/working-age population), i.e. the employment rate. Part 3 of the report apparently adopts a differing standpoint, namely that the employment rate is not determined by external factors but rather dependent on productivity. It states that while competitiveness depends on productivity, improved productivity is a necessary condition for increased employment. Therefore, labour productivity is definitely a factor in competitiveness, as it stimulates growth in output and thus employment; at the same time, however, productivity gains lead to fewer workers being required for the same output.

6.4. On the subject of productivity and the employment rate, it would appear that only labour productivity is at a satisfactory level. This is encouraging, but full employment, the aim of any society, remains elusive. The explanatory factors studied by the report include the structure of economic activity, degree of innovation, regional accessibility and the skills of the work force. While economic structure is slow to change, innovation levels could be improved more rapidly by EU measures such as an improved patents system or action to encourage the transformation of innovations into marketable products and services.

6.5. The report highlights the inadequate dissemination of innovations within Europe, in contrast to the US in particular. The Committee of the Regions believes that the research, innovation and technological development necessary to all Europe's regions must be stepped up.

6.6. The report clearly shows that though small and medium-sized companies are said to play a key role in job creation, the exact scale of their contribution is difficult to assess, partly as a result of statistical confusion between decision-making centres and production units. In general, Europe is still lagging behind in the area of risk capital and financial support for high-tech SMEs.

6.7. The report is practical and objective regarding foreign direct investment. It can play an important role in the development of all regions by helping to raise productive capacity and output. Through stable, favourable employment conditions and the provision of good in-house training, direct inward investment can also contribute to improving social conditions. However, any detrimental fall-out for the European economic or working culture must be addressed, should it arise.

6.8. Transport and communication infrastructure will be vital for the enlarged continent-wide European Union. Both geographical and modal priorities must therefore be set. Interpersonal relations and trade in goods and services are as old as the history of European civilisation and it will be through their promotion that Europe is built.

6.9. Geographically, the Union must encourage the establishment of modern transport and communications links throughout its territory. They are indispensable between East and West as a signal of the cohesion that the Union intends to establish with the candidate countries of Central and Eastern Europe. The Union must also help to forge the missing links in the north-south axis in the West of the continent, not forgetting those regions situated on the extreme periphery, islands especially, which require appropriate means of transport and communications.

6.10. In modal and intermodal terms, the European Union must undergo a transport and communications revolution like that of the 19th century, based on current advanced technology. It must focus less on individual projects than on a European strategy, and projects should be backed only insofar as they fit in with that strategy. Roads, railways, shipping, especially coastal shipping waterways and aviation must all play their part within an intermodal whole, protecting the environment while remembering that transport and communications contribute to quality of life and are of the essence of civilisation itself. Clearly, much more than in the past, a distinction must be drawn between passenger transport and goods transport. This is the challenge facing the European Union. The Committee of the Regions will lend its support.

6.11. The report remains objective with regard to energy, which nonetheless is currently a highly sensitive issue. It ignores the issue of energy sources, with the exception of renewables. In particular, the thorny topic of nuclear power is conspicuous by its absence. One interesting idea is that of

energy intensity (energy consumption per unit of GDP), which is greater in the less favoured regions. This would suggest that moves to develop energy infrastructure and break energy dependency must be accompanied by energy saving measures. Although the less developed regions use less power per head and cause less pollution, they use more fossil fuels. The report suggests that they could rely on renewables. This would be realistic only for the sun-drenched regions of the south, for very windy areas or, at all events, areas with plenty of unused, non-agricultural land, as solar and wind power installations use a lot of space, especially when a major supply is required.

6.12. Interesting information is provided on telecommunications infrastructure (number of lines per inhabitant) and quality of service (rate of digitalisation). The mobile telephone phenomenon — via GSM or satellite — is not mentioned, however, although it constitutes an opportunity for the economic infrastructure of less-developed regions that are often not as well covered by specialist companies. The regions that are ill-served by the new communication technologies, the gateway to the modern world, are also the most neglected by the market and free enterprise.

6.13. Water supply is another of the major challenges facing tomorrow's Europe, and is a problem determined largely by geography. The report gives indications of reserves per inhabitant in each country. This shows that the most developed countries are in the most difficulty, and must invest the most financially. The report is right to point out that recycling household waste is certainly the best way forward in terms of environmental protection, although it is bound to be expensive.

6.14. The report highlights national disparities in human capital, an area in which change is inevitably slow. It gives little information on the link between human capital and economic performance, although it is known that human capital can generate increasing returns, which can however hinder the convergence process, according to the endogenous growth theory.

6.15. With regard to institutions and social capital, the report strikes an optimistic note when it affirms that 'European integration is a key force in this, since it exposes regions to institutional models and competition from all over the Union'. However, regions are dependent on the state for their public institutional structures, and often have only limited room for manoeuvre. The institutional structure of firms is such, that

very few decisions are taken locally, with the exception of regionally-based SMEs. There is no proof that decentralisation is always the most effective system. In any case, this requires competition conditions (transparency, full information, independent operators) that are not always present. Public management by results is not such a new idea, and as the report mentions, it is not so far removed from centralised planning; it is not effective every time. The report is also positive when promoting private intervention in partnership with government as a more effective form of public management. However, this can often have negative effects, for instance, pressure groups, a tendency towards corruption, the fact that it is major companies rather than SMEs that have the most influence, with all the monopolistic tendencies that entails, not to mention pressures from the banking and finance sector. As the report points out, the horizontal management network model can become cumbersome: very often, this type of institution tends to favour compromise, i.e. zero change.

6.16. All in all, the second part of the periodic report deserves recognition for its quality. It offers very good prospects for a genuine plan for the balanced development of Europe's regions. The chapter entitled 'Explaining competitiveness: common features of successful regions' will doubtless prompt further research in the months ahead. Nonetheless, the outline of the four most important factors in the growth of GDP are convincing:

- a) The structure of economic activity is a major factor that demands a special political effort to redistribute Europe's productive machinery and find ways of striking a better balance.
- b) The extent of innovative activity is also a key factor. Once again in political terms, it demands better coordination between research and development policies and economic, social and regional cohesion. This is underlined in the chapter on RTD.
- c) The Committee obviously welcomes the attention paid to the accessibility indicator. Its high correlation with GDP comes as no surprise, but needs confirmation nonetheless. It can only be hoped that the additional research in the pipeline will enable this critical factor to be taken rapidly into consideration in the implementation both of regional policies and of the trans-European networks (review of TEN-T) and all transport policies.
- d) Lastly, the area of skills is also critical and requires better coordination between the relevant ERDF and ESF policies. The Commission has made this point on several occasions, but insufficient heed has been taken in the SPD and CSF. There is definitely room for innovation in this area.

To conclude, map 29 of the report gives a remarkable summary of the reality of the centre-periphery relationship as it stands in Europe. There are few more convincing arguments for using an indicator of this type in the structural policies. The development of these four key variables, in relation to that of GDP, will, furthermore, provide a sound basis for evaluating the development of the centre-periphery relationship in Europe.

7. The effectiveness of cohesion policy

7.1. This opinion could not cover the specific situation in each of the EU regions, unless each presented its comments, hopes and demands; this would not however match the Committee's brief to issue a coherent opinion.

7.2. The report does not conceal the fact that, in spite of major progress made in recent years, the impact of regional cohesion policy is still largely inadequate. There are sometimes significant disparities between the regions of a single country, and between all the regions. It must be said that the cohesion objective is very ambitious and the first of its kind in the history of the continent. Furthermore, its impact cannot be assessed properly over such a short period. The Structural Funds appear to have made a positive contribution to reducing inequalities within the European Union, benefiting Greece, Ireland, Portugal and Spain in particular, taking those countries as a whole. The report correctly points out the difficulty in assessing the effectiveness of the Structural Funds with regard to other factors that cannot easily be incorporated into the evaluations.

7.3. In spite of the efforts made in the Objective 1 and Objective 6 regions, unemployment rates have remained disappointing overall, while GDP per inhabitant is tending to converge towards the average. The report highlights poor activity rates, linked to unemployment, but it limits itself to noting the situation without attempting to seek the real reasons for it. Certain regions have benefited greatly from development aid. As the report suggests, an objective assessment should be conducted of the effectiveness of this financial aid in giving every less-developed region the same opportunities to advance.

7.4. The situation in the Objective 2 regions seems to have improved overall, but these regions are still often vulnerable (closing down and relocation of production units). In the Objective 5b regions, an increase in the active population has hindered a fall in unemployment, although employment has increased. The cause for that increase is diversification of activities in an economy based mainly on agriculture.

7.5. The impact assessments presented show that the Structural Funds have had a beneficial effect on the regions that have received assistance, reducing regional disparities. The Committee of the Regions welcomes this success.

7.6. The convergence issue raises an important economic question, in terms of the balance between:

- the search for maximum overall growth on the one hand, and
- even growth or development of the regions on the other.

The search for equity aims to give as much as possible to the least favoured region while remaining effective, i.e. ensuring maximal overall development. However, equality is not always effective and it is not always by seeking equal development for regions that maximum overall development is attained. Interregional equality should not necessarily be sought above all else, as regional equality has consequences for overall performance.

7.7. An evaluation of the cost of the Structural Funds in terms of overall growth would provide a useful indication of results. This is not to say that the Funds should be called into question, but rather that this type of indication should obviously be available given that the Funds are aimed at more egalitarian growth.

7.8. Similarly, an evaluation of the multiplier effect of the sums injected would be useful (i.e. the relationship between the growth of a region's GDP that can be imputed to the Structural Funds, and the total amount of Structural Fund money involved). This performance indicator, however simple its form, would be of great use in deciding the future direction of the Structural Funds, over and above the data on growth in GDP or reduced unemployment presented by the report.

7.9. The aim of equal development between the regions is more difficult to achieve than the objective of equal growth rates, as the former implies convergence, with the less favoured regions having to grow more quickly than the more advanced regions.

8. Enlargement

8.1. The report takes the overall view that the countries of central and eastern Europe and Cyprus are legitimate candidates for accession given their political choices, their movement towards a market economy and the progress they have made over the last decade.

8.2. The Committee of the Regions does not have a decision-making role here, but it would nevertheless remark that:

- the countries in question are not the only countries likely to apply for membership of the European Union;
- it is impossible to disregard the myriad political, economic, social, cultural and ideological factors linked to the past, present and future of these countries, which are not reflected principally in regional GDP but in national objectives that are not easily defined;
- the European Union must learn how to manage the hopes it arouses to ensure they are realistic; to do this it must evaluate the many implications these accessions will inevitably have for the Union's internal and external policies, and assess the real capacity of the Union and of the countries concerned to form tomorrow's Europe in a genuine spirit of solidarity;
- the European Union must be able to continue developing its approach to these countries in a responsible way, without losing sight of the fact that the foundation stone — i.e. the European entity — is solely political and moral, based on a system of free societies with unity of purpose: first and foremost Europe must provide an ideal for community life, with a single destiny, only then will it succeed;
- while definitely not sceptical about enlargement, the Committee is adamant that it must be a success; otherwise it may engender major difficulties in the European Union and the applicant countries. The preparation phase would benefit from the greater involvement of the Committee of the Regions, which, as the representative of local and regional authorities, is in a position to establish and nurture the grass roots cooperation needed for success. The fact that a country has applied must not lead to excessive pressure on its people in terms of economic adjustment and lifestyle, as that could provoke a backlash.

8.3. According to the report, the disparities between the EU regions and the applicant regions are still great, with a few exceptions. Membership of the EU will not depend solely on

economic criteria, and especially not on criteria for the harmonious development of those countries' regions. The applicant countries still have a good deal of catching up to do: regional issues play second fiddle to national matters where EU accession is concerned, although harmonious regional development is obviously desirable.

8.4. This brings us back to the growth versus equal development of regions debate, an issue that cannot be ignored. Should these countries develop as quickly as possible in order to reach the level necessary for accession to the Union? Or should they seek regionally balanced growth, which will necessarily be slower (in the knowledge, as the report states, that the shock of transition from the previous era is still far from having been totally absorbed, with GDP and GDP per inhabitant having plummeted)?

8.5. The report suggests that the CEEC are benefiting from a major influx of foreign direct investment, but that these flows are focused on a few countries only and come from just a few Union Member States. This issue is and will remain a sensitive one, in the light of centuries of European history.

8.6. The report assumes that these countries have already made decisive progress towards moulding their societies to the European Union model. The truth is, however, that the type of society they are developing is still on the drawing board. The Committee of the Regions believes it has a major role to play here as decentralisation and balanced mutual support are the twin pillars of the Europe it wishes to see created, based on a system of social values.

8.7. The Committee of the Regions hopes that the countries in question will equip themselves with regional political and administrative structures, so that they can tackle the same issues within the same institutional framework. The Committee of the Regions can be a partner in implementing regional strategies in these countries.

8.8. Cyprus is clearly a case apart. Its economic performance would suggest it will be ready for accession to the Union. GDP is 75 % of the EU average. Employment is high and unemployment is low, but productivity is also low and this is where efforts must be concentrated.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on 'Towards a European Integrated Coastal Zone Management (ICZM) Strategy General Principles and Policy Options'

(2000/C 226/11)

THE COMMITTEE OF THE REGIONS,

having regard to the reflection paper on 'Towards a European Integrated Coastal Zone Management (ICZM) Strategy — General Principles and Policy Options' and the accompanying document 'Lessons from the European Commission's Demonstration Programme on the Integrated Coastal Zone Management (ICZM)' prepared by the Demonstration Programme's team of thematic experts on ICZM;

having regard to its Bureau's decision of 15 September 1999, under the fifth paragraph of Article 265, instructing Commission 4 for Spatial Planning, Urban Issues, Energy and the Environment to draw up the relevant opinion;

having regard to the opinion of the Committee of the Regions on the Communication from the Commission on the Integrated Management of Coastal Zones (CdR 114/96) ⁽¹⁾;

having regard to the draft Opinion (CdR 359/99 rev. 1) adopted by Commission 4 on 2 December 1999 (rapporteur: Ms McNamara (IRL, EA)),

adopted the following opinion at its 33rd plenary session of 12 and 13 April 2000 (session of 12 April).

1. Introduction

1.1. The coastal zone is an area of land and sea territory the size of which is determined by its management needs. It varies significantly in terms of area, geomorphology, hydrology, biodiversity, land use, administrative, cultural and socio-economic systems. The dynamics and physical diversity of the coastal zone is compounded by the fact that it rarely adheres to, or coincides with existing administrative boundaries.

1.2. The extensive geographical area of the coastal zone and the number of resources contained within it results in huge pressures for development and a range of competing uses that are not often compatible. Integrated Coastal Zone Management (ICZM) therefore seeks to manage the resources and uses in such a way that will allow the maximum number of competing uses while, at the same time, preventing irreversible damage to the natural ecosystems and processes which are responsible for the coastal zone.

1.3. ICZM is a continuous process which seeks, through more efficient and holistic management:

- to establish and maintain the sustainable use and development of the resources of the coastal zone so as to improve the quality of life of human communities dependent on these resources; and

- to maintain the biological diversity and productivity of coastal ecosystems and to improve the quality of the coastal environment.

1.4. ICZM is a process of co-ordination and co-operation between all managers (at all spatial levels of authority, including the national level) and users of the coastal zone resources. It therefore requires a number of prerequisites for its effective operation. These include an understanding of its interregional nature, a recognition of its value, a programme of relevant actions and measures, a framework in which ICZM can occur, a comprehensive database, appropriate expertise and adequate funding.

2. Gist of the document

2.1. The document prepared by the European Commission has two stated purposes:

- To compile and diffuse the principal policy lessons emerging from its Demonstration Programme on ICZM.
- To stimulate debate and develop consensus on a European ICZM strategy, designed to reverse the trend towards unsustainability that is presently pervasive in coastal zones across Europe.

⁽¹⁾ OJ C 182, 24.6.1996, p. 12.

2.2. The Demonstration Programme has enabled a review of policy in coastal zone areas across Europe, and has indicated that good management can take many forms. The document specifies seven general principles that should apply to all future ICZM initiatives. A European ICZM Strategy is identified as a method that embodies these seven principles, and at the same time, promotes the sustainable development of the coastal zone. The document also discusses the various policy options for a European ICZM Strategy including the role of the EU, intersectoral co-ordination and a legal framework.

3. General comments

3.1. The COR welcomes the Reflection Paper as an opportunity to contribute to the development of an European ICZM Strategy.

3.2. The Demonstration Programme has highlighted the fact that, whilst coastal zone problems are common across Europe, solutions are generally specific to particular areas. The COR therefore emphasises that local and regional authorities are a vital component in ICZM. Local and regional authorities are best equipped to deal with implementation of ICZM policies.

3.3. The COR advocates the mainstreaming of the lessons learnt from the Demonstration Programme. The COR believes that the ongoing development of a European ICZM Strategy is essential in order to promote good management in the coastal zone, particularly given its interregional nature. The COR stresses the importance of a European ICZM Strategy involving a coherent set of principles, measures, initiatives and a programme of support to guide local and regional authorities in the implementation of ICZM practices.

4. The importance of a local and regional dimension

4.1. The COR believes that the next stage in the development of a European ICZM Strategy is the establishment of a framework in which the effective operation of ICZM can take place. As the Demonstration Projects have shown there are a number of different frameworks that are suitable and applicable to specific areas. Each framework must be tailored to the requirements of the coastal zone in question, and therefore an effective strategy in one Member State or an individual region may not be appropriate to another.

4.2. Experience has demonstrated that the level of management must be appropriate to the scale of the coastal zone under consideration. Thus the COR emphasises that a general framework for ICZM would involve a guiding set of principles at a trans-national level, the framing of policy at an interregional level, and a greater focus on definition and implementation of policy (including detailed 'plans' or strategies) at a regional and local level.

4.3. The COR stresses that local and regional authorities are best placed to deal with the implementation of ICZM, as they tend to be closest to the coastal problems and are experienced in dealing with issues and policies that require a multi-sectoral approach. Local and regional authorities are ideally placed to increase awareness of ICZM issues and their key role in spatial planning will prove invaluable in the development of ICZM plans.

4.4. Furthermore the COR emphasises that local and regional authorities can cater for local needs, by providing local solutions to what generally are area-specific problems. The varied nature of the coastal zone ensures that blanket policies will be ineffective. Local and regional authorities are in the best position to provide local ICZM policies.

4.5. The COR advocates the creation of European co-operation networks between coastal local and regional authorities. A network similar to the Sustainable Cities Network, which would allow discussion of common problems and dissemination of potential solutions, should be considered.

5. The value of an European Union dimension

5.1. The Committee of the Regions underlines the value of a European Union dimension in the process of ICZM, as it will allow certain advantages in the establishment of coherent ICZM policies in the Member States and their regions. However, there are a number of issues that will have to be addressed if a European ICZM Strategy is to be a success.

5.2. The COR believes that the role of the EU will be to provide guidance at a macro level. There is no one approach to Integrated Coastal Zone Management and therefore the level of management must reflect the extent of the coastal zone under consideration. At a European level, broad policies are required with actual coastal zone management plans only necessary at a regional and local level.

5.3. The COR suggests that the EU needs to take a proactive role in facilitating the development of Coastal Zone Management procedures across Europe including the possible formulation of broad policy principles. Action at EU level is required to support regional and local administrations in the implementation of ICZM. To this end the COR advises that the establishment of a programme of support similar in nature to Interreg IIC should be considered in order to facilitate the development of co-operation regions and networks, in zones such as the North Sea areas, Baltic Sea area, Atlantic Arc area and Mediterranean area.

5.4. The COR believes that the EU has an important role in developing and maintaining cross-border co-operation among Member States and with third countries in relation to ICZM. Proper management of the coastal zone requires trans-national agreements and co-operation networks. The COR believes that the EU is in the best position to facilitate such agreements.

5.5. The COR stresses that a comprehensive review of all EU policies that affect the coastal zone is necessary including any initiatives that have an EU dimension. These include spatial planning policy as outlined by the ESDP, socio-economic policies such as the CAP, the Fisheries Policy and support programmes for coastal tourist resorts, environmental policies such as pollution and nature conservation programmes and all Structural Funding that affects development in the coastal zone. The COR submits that all policies should be assessed or audited to ensure that they do not have a negative impact on the coastal zone. Furthermore the COR advocates the appropriate mainstreaming of ICZM principles and strategies into all EU policies after the Demonstration Programme has been completed.

5.6. To provide a coherence for future ICZM policies at an EU level the COR suggests the establishment of an interdisciplinary team, representing the policy interests of the relevant Directorate Generals and led by the most appropriate DG (e.g. DG Environment). Its responsibilities would involve the on-going development of an EU ICZM Strategy and the further integration and mainstreaming of ICZM principles into other appropriate policy fields.

5.7. The COR underlines the supporting role of the EU in relation to ICZM, which is envisaged in a number of ways, including inter alia:

- facilitating the implementation of ICZM by the establishment of a programme of support in order to facilitate the development of co-operation regions and networks;
- assisting in the provision of resources particularly in support of regional and local administrations in solving coastal problems;

- continuing and supporting research and education into ICZM including for example, the ongoing development of demonstration methodologies and frameworks;
- providing technical assistance and expert knowledge and facilitating interregional frameworks, trans-national co-operation, and exchange of experience;
- increasing awareness of both the benefits of, and need for, Integrated Coastal Zone Management.

6. A need for commitment to Integrated Coastal Zone Management

6.1. The COR stresses that there needs to be an increase in the general awareness of the importance of the coastal zone, and in particular its proper management. For this to take place the COR believes that there needs to be a commitment on behalf of all current managers to the process of Integrated Coastal Zone Management, at international, national, regional and local levels. Active and continuous participation is required, as opposed to a supporting role. The necessity of ICZM needs to be recognised and resources have to be committed. The COR believes that local and regional authorities must engender this commitment and take a share of the responsibility for it.

6.2. The COR understands that ICZM is a complicated procedure which necessitates the involvement of all managers and users, including national governments, state bodies, regional and local authorities, NGOs, relevant commercial sectors and the public. However, the prerequisite for the proper management of the coastal zone is a commitment from all managers and users to the process of Integrated Coastal Zone Management. To this end the COR advocates the creation of enabling mechanisms within local and regional authorities and national administrations in order to establish synergy and allow the involvement of all relevant sectors and individuals.

7. The need to define the coastal zone

7.1. The COR advocates the physical definition of the coastal zone at a local level where necessary in order to establish its management needs. This will involve the collection and collation of all available data on the coastal zone, its physical extent, its administration and its users. The COR sees a number of advantages in physically defining the coastal zone as it will enable the following:

- the identification of existing management problems and shortcomings;

- the identification of existing coastal zone managers and existing administrative systems responsible for the coastal zone;
- the creation of greater co-operation between existing coastal managers and existing administrations;
- the creation of a framework for ICZM including new management structures, which are specific to particular coastal areas;

7.2. Whilst the COR recognises that the boundaries of the coastal zone are determined by natural processes and systems, there must be a cut-off point in defining these boundaries. The COR therefore suggests that a balance should be struck between the natural processes and existing management systems when defining the coastal zone. For example in the preparation of a draft policy for ICZM in Ireland it was ascertained that there were nine coastal cells around the country formed by natural coastal processes. These were subsequently divided into 13 coastal cells as a result of a study of the existing administrative boundaries and the relative ease to produce strategic plans for 13 rather than nine cells. The COR advocates that the definition of the coastal zone should occur at a local/regional level as local and regional authorities are likely to have the best knowledge of the appropriate boundaries.

8. The need for resources

8.1. The COR reiterates that ICZM requires resources in order for proper implementation to occur. Resources are particularly necessary for the development and support of ICZM delivery mechanisms, data collection and collation, and education.

8.2. The COR notes that data collection and collation will be a crucial component in establishing an ICZM framework. Acquiring information and collating it into a format which is relevant and accessible can be an expensive procedure in terms of both monetary and time costs. Much of the information is already available but is either not accessible or not known. The COR therefore suggests that costs can be reduced by ascertaining the information available and, after deciding what is missing, collecting the necessary data. Research and information needs must be defined through a genuine partnership between research organisations and coastal managers.

8.3. The COR considers that resources will also be essential for education and raising awareness of Integrated Coastal Zone Management, particularly amongst existing current coastal zone managers. It is likely that the existing managers will

play an important role in future coastal zone management procedures. The COR believes that their awareness of the benefits of, and need for, coastal zone management must be increased and they must also be educated in the implementation of ICZM practices.

9. Conclusions

The Committee of the Regions

9.1. welcomes the Reflection Paper and believes that the ongoing development of ICZM principles is essential for the creation of an EU ICZM Strategy in order to protect the coastal zone, to promote its sustainable development and to develop systems to foster interregional co-operation;

9.2. stresses the importance of the role of local and regional authorities in the implementation of ICZM, given their experience in dealing with multi-sectoral problems and the fact that coastal zone problems and solutions are generally area-specific. The varied nature of the coastal zone ensures that local and regional authorities are in the best position to provide local solutions to local problems. The creation of co-operation networks between coastal local and regional authorities is advocated to allow discussion of common problems and dissemination of potential solutions; the various interest groups or user groups and the local population should also be involved.

9.3. underlines the value of a European Union dimension in the development of a European ICZM Strategy and suggests that the EU should have a guiding and supporting role at a macro level. This role will allow the facilitation of cooperation regions and networks between Member States and with third countries. The EU is in the best position to enable cross-border cooperation in relation to the establishment of a ICZM Strategy, given the opportunities that the new Interreg IIIB will provide.

9.4. stresses that a comprehensive review of all EU policies that affect the coastal zone is necessary, including other initiatives with an EU dimension. This includes the ESDP, the CAP, the Fisheries Policy and support programmes for coastal tourist resorts, environmental policies such as pollution and nature conservation programmes and all Structural Funding that affects development in the coastal zone.

9.5. advocates the establishment of an interdisciplinary team representing the policy interests of the relevant Directorate Generals. Its responsibilities would involve the on-going development of an EU ICZM Strategy and the further integration and mainstreaming of ICZM principles into other appropriate policy fields.

9.6. emphasises the need for commitment from all managers and users to the process of ICZM. Enabling mechanisms within local and regional authorities and national administrations have to be created in order to establish synergy and allow the involvement of all relevant sectors and individuals.

9.7. advocates the physical definition of the coastal zone at a local level where necessary in order to establish its management needs and suggests that a balance should be struck between natural processes and existing management systems

when defining the coastal zone. The definition of the coastal zone should occur at a local/regional level as local and regional authorities are likely to have the best knowledge of the appropriate boundaries, managers, administrations and existing problems;

9.8. reiterates the necessity for proper resources in order to enable ICZM to occur, in particular for the development and support of ICZM delivery mechanisms, data collection and collation, and education.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Resolution of the Committee of the Regions on 'The Implementation of the European Employment Strategy'

(2000/C 226/12)

THE COMMITTEE OF THE REGIONS,

having regard to its president's decision on 8 November 1999 to draw up a resolution on the subject and to direct Commission 6 — Employment, Economic Policy, Single Market, Industry and SMEs — to carry out the preparatory work;

having regard to the European Council meeting in Lisbon of 23 and 24 March 2000, focusing on the subjects employment, economical reforms and social cohesion;

having regard to its earlier opinions on employment, viz. 'The role of local and regional authorities in linking education and training establishments to enterprises' ⁽¹⁾; 'The proposal for a Council Decision on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) — The growth and employment initiative' ⁽²⁾; 'Forthcoming economic policy guidelines' ⁽³⁾; the Communication from the Commission: 'From guidelines to action: the National Action Plans for Employment' and the Communication from the Commission: 'Proposal for guidelines for Member States' employment policies in 1999' ⁽⁴⁾; the Communication from the Commission adapting and promoting the social dialogue at Community level and the draft Council Decision amending Decision 70/532/EEC setting up the Standing Committee on Employment in the European Communities ⁽⁵⁾; Opinion on Territorial pacts for employment, and the link between them and the European Union's structural policies ⁽⁶⁾, Opinion on the Proposal for Guidelines for Member States' Employment Policies 2000 ⁽⁷⁾;

having regard to the draft resolution adopted unanimously by Commission 6 on 24 January 2000 (rapporteurs: Mr Henning Jensen, DK, PES and Mr Sanz Alonso, ES, PPE);

whereas local and regional authorities in many Member States play a key role in shaping the environment and conditions under which enterprises operate. They have an important function in supporting local economic and industrial development by securing a favourable socio-economic climate which can attract and promote the establishment and development of businesses;

whereas local and regional authorities are major players in providing education and training since they can help bridge the gap between education/training establishments and enterprises and, through their strategically well-placed position, foster greater partnership and dialogue between all relevant protagonists at local and regional level in these two sectors;

whereas local and regional authorities play a crucial role in generating employment — both directly as employers, and indirectly, through fostering a favourable business climate;

⁽¹⁾ CdR 346/96 fin — OJ C 116, 14.4.1997, p. 98.

⁽²⁾ CdR 46/98 fin — OJ C 251, 10.8.1998, p. 41.

⁽³⁾ CdR 110/98 fin — OJ C 51, 22.2.1999, p. 63.

⁽⁴⁾ CdR 279/98 fin — OJ C 51, 22.2.1999, p. 59.

⁽⁵⁾ CdR 343/98 fin — OJ C 93, 6.4.1999, p. 54.

⁽⁶⁾ CdR 91/99 fin — OJ C 293, 13.10.1999, p. 1.

⁽⁷⁾ CdR 360/99 fin.

whereas the Committee of the Regions has proposed an initiative called 'Local Action for Employment', which places local and regional authorities in a position to promote the national employment action plans;

whereas the Joint Employment report 1999 states that several Member States have recognised the importance of the actions taken at local and regional level, but there is room for further strengthening this aspect;

whereas the results of conferences organised in autumn 1999 in Helsinki and Aarhus⁽¹⁾ clearly demonstrate a wide readiness at local and regional level to be more involved in the implementation of the European Employment Strategy;

adopted the following resolution unanimously at its 33rd plenary session on 12/13 April 2000 (the meeting of 12 April).

1. The Committee of the Regions draws attention to the following preconditions for a successful approach implementing the European employment Strategy:

1.1. Under conditions of globalized markets but differentiated economic structures the effective combating of unemployment requires solid macro economic policy supported by targeted active employment policies which meet the following criteria:

- direct knowledge of real growth and employment possibilities at regional and local level;
- individual and personalised guidance and training in order to match supply and demand on the labour market;
- geographical and cultural proximity to groups of people who are difficult to reach.

1.2. EU efforts to coordinate its employment strategy must be underpinned by the subsidiarity principle, with each country being responsible for its own labour market policy. While it is generally desirable for the local and regional authorities to play a key role in the field of employment, it is essentially up to the Member States to strike a balance between the national level and local and regional interests.

1.3. The ultimate success of the European employment strategy will therefore depend on how well the strategy is designed from an overall point of view and on finding the most appropriate way of implementing it.

1.4. Regional and local self-determination in employment matters is a prerequisite for efforts to tailor workforce skills to the needs of local enterprises. In many areas this is possible

only at local and regional level, thus rendering it vital for regional and local authorities to be involved in framing, developing and implementing the national action plans.

2. The Committee of the Regions stresses that, as the following examples show, the active involvement of local and regional authorities can significantly contribute to the implementation of the European Employment Strategy:

2.1. It is easier for local and regional authorities to co-operate with businesses and other partners to implement tailored pro-active employment policies than it is for higher levels of administration. This is because local and regional authorities have more direct knowledge of the barriers and opportunities in the local business communities, which may make it easier to find joint solutions.

2.2. Regional and local authorities are in a key position to reduce red-tape and speed up administrative procedures for projects creating and developing businesses and employment.

2.3. Local and regional environment, via the organisations operating within it, is often the only possible point of access where people with difficulties finding employment or who are threatened with social exclusion can participate in professional and personal development programmes.

2.4. Special attention should be paid to the potential for job-creation in the service sector and specially in 'care services' in view of current demographic trends and the increased life expectancy of older people. This should help to reduce the burden of unpaid care of dependants — a burden which at present is mainly shouldered by women. It would also provide women with more (and better) job opportunities and help to tackle the gender gap in employment.

⁽¹⁾ European Conference on Mayors for Employment, Local authorities as promoters of employment; Helsinki, Finland on 9 and 10 September 1999; European Conference on Local Employment Partnerships; Aarhus, Denmark on 23 and 24 November 1999.

2.5. In some Member States the local and regional authorities play a role as mediator in collective bargaining between employers and workers at regional, local and company level. This enables more rapid adjustment to new labour market and economic conditions and greater flexibility in terms of workers' access to training.

2.6. Very positive experience has been gained from various regional development agencies which support job-creation and entrepreneurship, using an all-encompassing approach tying in support for investment in research and development.

2.7. Local schemes supporting the development of the social economy by boosting the setting-up and development of co-operative businesses and partnerships can be an important tool in promoting small businesses and entrepreneurship.

2.8. Fostering a local breeding ground for companies by local and regional authorities will encourage the development of self-employment and social economy companies.

2.9. Based on the development of local observatories of companies and their networks, the local and regional levels can serve more immediate identification of employment opportunities and activities where demand has not been met.

3. The Committee of the Regions makes the following suggestions to the Member States and to the European Commission concerning further steps in the implementation of the European Employment Strategy:

3.1. In order to enable the regional and local authorities to fulfil their role described above, a constructive dialogue should be held between the regional and local authorities and central governments.

3.2. An ideal forum for such a debate is the annual 'cyclical' process of formulating, implementing and evaluating national action plans for employment. The Council has already acknowledged the role of local and regional authorities in guideline 12 of the year 2000. Now it is time for all Member States to take up the challenge and ensure local and regional authorities their proper role in the process.

3.3. A logical consequence of such a set-up would be release by the European Commission of the annual Joint Report and proposals for next year's guidelines in due time. This would enable these crucial documents to be subject to a comprehensive political debate in both the Committee of Regions and the European Parliament.

3.4. With the introduction of the 'Recommendations' decided by the Council to the individual Member States, a new and important tool co-ordinating the European employment policy has been created. Recommendations provide an opportunity for direct attention of the Member States, to the importance of the regional and local authorities in combating unemployment. Recommendations must however take account of the different tasks and competence of the regional and local authorities in the individual Member States.

3.5. In accordance with 3.4, the European Council is invited to instruct the Council and the governments to involve local and regional authorities in the preparation and implementation of the National Action Plans for employment.

3.6. The Committee of the Regions urges the Portuguese Presidency of the European Union also to include it in the planned 'high level forum' to scrutinise the EU's employment policy prior to the European Council summit in June 2000.

Brussels, 12 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Resolution of the Committee of the Regions on the 'Annual statement on the priorities of the committee of the regions'

(2000/C 226/13)

THE COMMITTEE OF THE REGIONS,

having regard to the Strategic Objectives 2000-2005 of the European Commission (COM(2000) 154);

having regard to the Work Programme of the European Commission for 2000 (COM(2000) 155 final);

having regard to the Political Priorities of the Committee of the Regions (R/CdR 351/99 pt. 7);

having regard to the European Parliament's resolution on the European Commission's 5-year Strategic Programme (B5-0143, 0144 and 0145/2000);

having regard to the European Parliament's resolution on the European Commission's Work Programme (B-50228, 0229 and 0230/2000);

whereas a closer alignment of the priorities and objectives of all EU bodies will reinforce the impact of the initiatives and actions of the individual institutions;

whereas the Committee of the Regions, acting from its responsibility as voice of the local and regional authorities in Europe, wishes to react to the priorities proposed by the European Commission;

whereas the Committee of the Regions wishes to state its priorities for the coming year, in view of the forthcoming adoption of its Work for the Programme 2000-2001;

whereas in view of enlargement, the Union is particularly confronted with progressive fundamental reforms;

whereas the participation of the Committee of the Regions, as the representative of local and regional authorities in the EU institutional framework, will broaden the basis for EU action;

whereas in most European countries there is a growing trend towards decentralisation and a strengthening of the powers of sub-national institutions, and as a result those tiers of government are increasingly affected by and directly involved in European policies and choices

adopted the following resolution at its 33rd plenary session of 12 and 13 April 2000 (meeting of 13 April).

A. Reacting to the priorities of the European Commission

of the subsidiarity principle; these core tasks should be reviewed through further clarification of EU fields of action;

Strategic Objectives 2000-2005 of the European Commission

1. welcomes the European Commission's Strategic Objectives 2000-2005; is pleased that by making its main political aims for the coming years known, the European Commission has given local and regional authorities the opportunity to express their views and to present concrete proposals and suggestions;

2. notes with satisfaction that the Commission intends to concentrate on its core tasks, and feels that this is in the spirit

3. subscribes to the four objectives identified by the Commission and recognizes their importance and urgency, and wishes to contribute wherever possible to achieving the set goals as soon as possible;

4. recalls that the purpose of all European Union policy is to satisfy the expectations of European citizens and that restoring their confidence must be the first and foremost aim of all reforms to the Union's institutions;

5. for this reason emphasises the importance of economic, social, environmental and consumer protection issues;

Work Programme 2000

6. welcomes the Work Programme 2000 of the European Commission;

7. is concerned however, that such an ambitious and detailed Work Programme may prove to exceed the capacity of the European Commission and that a fragmentation of forces could lead to failure;

8. believes therefore that fewer actions and a strong focus on priorities — also in terms of targeted and effective use of available resources — will offer better chances of success than trying to strike on all fronts at the same time;

9. suggests that in the future the Work Programmes of the European Commission clearly distinguish between outlined priorities for that year and any additional actions;

10. is of the opinion that in many areas greater emphasis should be on improving implementation of current existing legislation, before commencing new initiatives;

11. urges that the Commission's priorities be brought into line with the objectives set out in the conclusions of the extraordinary Lisbon Summit;

B. Subsidiarity

12. believes that it is necessary in the next few years to take steps towards further European integration, in order to give Europe a leading role in the world, but that the integration must be limited to areas where the EU has a specific added value, in order to get the highest possible level of acceptance and to achieve that Europe can truly speak with one voice;

13. welcomes the aim of the European Commission to take measures against the lack of proximity of the EU, and the proposal to solve this problem by interlinking more closely EU policies and policies of the Member States and of its regions; is of the opinion however, that the application of the subsidiarity principle should be extended to local and regional government;

14. Considers situating political decision-making responsibility at the lowest possible level to be the best way of achieving closeness to the citizens, but warns against interpreting closeness to the citizens as nothing more than intensified PR for the EU and the representation of citizens by interest groups;

15. notes with concern a tendency to call for EU action in areas where the Member States fail to introduce the necessary reforms or take difficult political decisions; this will risk to undermine the credibility of the EU;

C. COR priorities for 2000-2001

IGC, European governance and modernization of the EU institutions

16. will actively contribute to the process of Treaty reform in the Intergovernmental Conference; advocates an ambitious agenda for reform, as outlined in the CoR opinion on the Intergovernmental Conference 2000 (CdR 53/99);

17. welcomes the innovative approach of the European Commission in its initiative on new forms of European governance and intends to participate fully in the debate and the formation of new ideas and concepts for European governance, and put forward suggestions for improved law-making;

18. believes that the debate on new forms of governance should not be narrowed down to a simplistic vertical distribution of powers, but that it should be a wide concept that takes account of changing structures in society;

19. strongly supports the European Commission's commitment to undertake democratic ambitious internal reform in order to restore citizens' confidence in Europe and its institutions, believes that the reforms must go beyond a simple efficiency-operation, but that they must result in a modern and flexible work force, geared towards a new political culture; points out at the same time that the internal reforms may not distract from the external policies;

Enlargement

20. considers that the preparations for enlargement have highest priority in view of the decision of the Summit of Helsinki of December 1999 that negotiations will start with all candidates, including those of the second wave, and stresses in particular the necessity of involving local and regional authorities in the candidate countries;

21. will expand, intensify and streamline its contacts with all candidate countries, and aim at an increased involvement of local and regional authorities in the preparations for accession;

22. calls for coordination of activities and cooperation between the COR and the EU institutions, in order to arrive at greater synergy and better results for the applicant countries concerned and thus ensure better understanding and acceptance of the enlargement and integration process both in the Member States and in the applicant countries;

23. stresses, in addition, that enlargement strategy must be conducted in harmony with the strategies applied in areas outside the Union, especially the Mediterranean and the Baltic, in order to secure the advent of areas of peace and economic and social cooperation beyond the borders of the enlarged Union;

A Europe of values, close to its citizens

24. is convinced that the citizens will not adhere to a 'supermarket' Europe, but — as recent events have shown — to a Europe of values and fundamental rights, a political Europe; feels therefore that this must be the prime focus of the reform of the Treaty, the drawing up of a Charter of Fundamental Rights and the forthcoming White Paper on new forms of Governance;

25. considers that the need for local democracy must be included in the Treaty and that it is therefore indispensable that the Charter of Fundamental Rights be an integral part of the Union's Treaty;

26. calls upon the Member States to conduct the negotiations in the IGC with courage and vision; strongly believes that the IGC agenda must be an agenda of the people; it is therefore important to closely involve the Parliament and the local and regional authorities through the COR; welcomes in relation to this the European Commission initiative Dialogue on Europe and will gladly make use of the opportunity to give an active input to the IGC process;

27. calls on the European Commission to promote the visibility of the European Union's action both through effective communication and by improving the transparency of all its actions, in order to regain the confidence of Europe's citizens;

28. asks the European Commission, in view of the renewed threat of populist racism and intolerance, to strengthen its commitment to guaranteeing equal rights, equal opportunities and the protection of minorities throughout the Union, in order to ensure that all Europeans share the benefits of growing prosperity, security and solidarity;

Employment

29. welcomes the results of the Lisbon Summit and endorses its integrated approach and the emphasis on giving an impulse to new economic dynamism;

30. shares concern at the perennially high level of long-term unemployment in many regions of the Union and hopes that this phenomenon will be tackled using harmonised economic policies and welfare reform, to further the goal of full employment;

31. points out that promoting employment does not only demand specific action, but also entails creating favourable macro-economic conditions as well as coordination and integration of the relevant policy areas, while respecting the principles underlying the European social model;

32. reiterates the responsibility which the Community was given by the Treaty of Amsterdam to contribute to a high level of employment by encouraging cooperation between Member States and by supporting their action in this field;

33. encourages therefore any measures enhancing innovation, technological progress, the knowledge society and entrepreneurship; the adoption of any measures to assist the development of SMEs;

34. underlines therefore the need to integrate anti-discrimination policies into employment guidelines, as well as the need for measures for groups hit hardest by unemployment, like women, young people, older people, ethnic minorities and disabled people;

35. welcomes the announcement that a new social action programme is to be introduced; the COR hopes the programme will be sufficiently ambitious to match the challenges of the new economic dynamism;

36. Welcomes the proposal that more common European targets and indicators should be established within the economic, employment and social strategy, and underlines that not only quantitative targets but also qualitative targets are of great importance in all policy areas in order to develop sustainable growth and employment;

37. calls for a report of the European Commission on the imbalances between regions with high unemployment and regions currently facing a shortage of labour, and the role of labour market mobility in this, in order better to target measures to be taken to improve social and economic cohesion and to reduce the disparities between regions; The CoR declares its willingness to cooperate with the Commission in this area, and to bring the hands-on experience and know-how which the Regions and Municipalities of Europe have in the field;

38. the CoR reaffirms the need for European policies to focus primarily on the Europe-wide promotion of local development and on unleashing all the potential of the resources available throughout the EU's regions. In this context, it asks that the European Employment Pact be given a broader focus and calls for widespread introduction of the Territorial pacts for employment, taking into consideration the knowledge and experience of local and regional authorities;

39. The Committee of the Regions welcomes the decision to hold an extraordinary European summit every spring to provide guidance and coordination for Community actions and national policies. The Committee of the Regions, which represents Europe's local and regional authorities in their capacity as promoters of growth and employment, asks to be a fixed partner in the initiative;

Environment

40. is looking forward to the publication of the 6th Environmental Action Programme; endorses the realistic and result-driven approach announced by Commissioner Wallström, and supports in particular the strong focus on implementation of existing legislation;

41. notes with concern that environment seems to move down on the political agenda, at a time when the need for strengthened environmental protection is more urgent than ever; regrets to see that environmental considerations have not been sufficiently integrated into other policy areas, and urges the European Commission to come forward with concrete measures;

42. feels that environmental catastrophes in recent years have made sufficiently clear the need for improved cooperation with non-EU countries, including cross-border cooperation, in particular with the candidate Member States; points out that the Polluter Pays Principle needs to be implemented correctly;

43. favours a well-balanced link between economic policies and environmental requirements, as sustainable growth is a necessity; and calls for the need to develop co-ordinated policies to promote sustainable development and associated activities in rural and peripheral areas;

44. underlines the special role of local and regional authorities, both in the implementation of European and international policies, but also as the level confronted most directly with the consequences of environmental damage;

Information society

45. stresses the importance of all citizens having access to the information society, particularly during the internet revolution which is currently taking place, since it is access to information which ultimately empowers the citizen.

Underlines the important link to be made between the information society and employment, through new types of employment such as electronic commerce and teleworking, leading to a modernization of the economy and integrating areas which are not easily accessible, and the rural environment into the economy.

Would hope that the need to provide education and training of the citizen in the use of the new technologies is given a high priority, with special emphasis on school education and on facilitating free Internet connection for centres of education.

Notes the important contribution that new technology can make to develop intelligent and multi-modal transport systems to reduce transport problems faced by citizens in their every day lives.

Urban policies

46. recalls that 80 % of European citizens live in urban areas, and that cities are vital to ensure competitive regions and a competitive Europe, and realises the value of developing urban, rural and peripheral areas in a balanced, co-ordinated and sustainable way;

47. points out however, that despite this fact there are no European policies targeting specifically the urban areas and that the urban dimension in other policy areas is weak;

48. encourages (new amendment) the European Commission to come forward with a comprehensive approach to urban areas and their specific needs and to finally put into practice the renewed focus on cities in Agenda 2000, with special attention for sustainable urban development.

49. will adopt its annual Work Programme on the basis of this resolution;

50. instructs its President to forward this resolution to the European Commission, the European Council, the European Parliament and the Economical and Social Committee.

Brussels, 13 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions of 13 April 2000 on the 'Expiry of the ECSC Treaty'

(2000/C 226/14)

THE COMMITTEE OF THE REGIONS,

having regard to the decision taken by the COR Bureau on 15 September 1999, under the fifth paragraph of Article 265 of the Treaty establishing the European Community, to issue an opinion on the expiry of the ECSC Treaty and to instruct its Commission 1 — Regional Policy, Structural Funds, Economic and Social Cohesion and Cross-border and Inter-regional Cooperation — to prepare the opinion;

having regard to the draft opinion adopted by Commission 1 (CdR 489/99 rev. 1) on 2 February 2000 (Rapporteurs: Mr Mernizka, member of the Assembly of the Land of North Rhine-Westphalia (D, PSE), and Mr Collignon, minister for the Budget, Culture and Sport, Government of the French-speaking Community in Belgium, (B, PSE));

having regard to the resolution on growth and employment adopted by the European Council in Amsterdam on 16 and 17 June 1997; in its resolution the European Council called upon the European Commission to put forward appropriate proposals to enable the reserves outstanding after the expiry of the ECSC Treaty in 2002 to be used to establish a research fund for the benefit of the sectors linked to the coal and steel industries;

having regard to the European Commission's communication of 10 October 1997 on the expiry of the ECSC Treaty — financial activities (COM(97) 506 final);

having regard to the resolution adopted by the Council and the representatives of the governments of the Member States meeting in the Council on 20 July 1998 on the expiry of the Treaty establishing the European Coal and Steel Community (ECSC)⁽¹⁾;

having regard to the resolution adopted by the Council and the representatives of the governments of the Member States meeting in the Council on 21 June 1999 on the expiry of the Treaty establishing the European Coal and Steel Community⁽²⁾;

having regard to the European Parliament's report on the draft ECSC operating budget for 2000 (SEK(1999) 0803-C5-9917/1999);

having regard to the resolutions of the ECSC Consultative Committee on the expiry of the ECSC Treaty, in particular the resolutions dated 25 March 1999, 2 April 1998, 10 October 1997, 8 November 1996 and 28 May 1995,

adopted the opinion set out below at its 33rd plenary session held on 12 and 13 April 2000 (meeting of 13 April).

1. Introduction

1.1. The Treaty establishing the European Coal and Steel Community (ECSC Treaty), which came into force on 23 July 1952, represented the first step towards the political and economic unification of Europe, ultimately leading, via the introduction of the subsequent treaties and their expansion, to the European Union which we know today. In signing the ECSC Treaty, the founder countries sought to end the rivalries which had divided them for centuries, to establish and consolidate lasting peace in Europe and to enhance the prosperity of its people. The European coal and steel industries thus played a pioneering role in the European integration process.

1.2. The European Coal and Steel Community has fully accomplished this task. It has made a key contribution

to bringing about and consolidating peace in Europe and promoting political and economic integration, thereby laying the foundations for further progress towards European unification. The ECSC Treaty provided a statutory framework for structural change in the coal and steel industry and has continued to this day to prove its worth by offering a flexible, effective tool for shaping the economic and social aspects of structural change in the coal and steel industries and regions of the Union; it has done so even though a number of the economic policy instruments provided for under the Treaty have not been used for a long time. In some respects the level of integration provided for under the ECSC Treaty is sharply in advance of that set out under the EC Treaty.

1.3. The ECSC Treaty established a framework for dialogue and cooperation geared to securing consensus between employers, workers and consumers on decisions on economic and social matters affecting the coal and steel industries. This

⁽¹⁾ OJ C 247, 7.8.1998, p. 5.

⁽²⁾ OJ C 190, 7.7.1999, p. 1.

enabled the difficult sectoral and regional adjustment processes to be largely implemented on a socially acceptable basis. The ECSC Treaty thus also, to a certain extent, paved the way for the European economic model.

1.4. All 15 EU Member States have coal and steel enterprises which are subject to the ECSC Treaty; the relative importance of these enterprises in the respective Member States varies widely. The majority of the applicant states have relatively large coal and steel industries.

1.5. The coal industry and the iron and steel industries have for many years been in the throes of a radical restructuring process which has proved particularly painful for their workforces. This process will continue over the next few years and be intensified by the accession of new Member States from the CEEC; the process will assume dramatic proportions in the accession states. The necessary radical changes in the coal and steel industries in these states will represent a particularly serious challenge for the EU.

1.6. Coal mining and the iron and steel industries are heavily concentrated in particular regions. The entire economic development of the regions concerned depends largely on the structural adjustment processes to be carried out in these two industries. By virtue of the instruments which it has deployed for providing social and regional support, the ECSC has recognised the tremendous responsibility for regional development. For this reason, the COR, too, should address the impending expiry of the ECSC Treaty and the attendant consequences for the regions.

2. Unresolved issues linked to the expiry of the ECSC Treaty

The ECSC Treaty, which came into force in 1952, was limited to 50 years, expiring on 23 July 2002. From this date, EU coal, iron and steel industries will, in principle, be subject to the provisions of the EC Treaty. Although a number of problems relating to the expiry of the ECSC Treaty and the application of the EC Treaty to the coal and iron and steel industries have been solved or nearly solved, unresolved issues remain in other areas.

2.1. Use of the ECSC reserve funding

2.1.1. The ECSC established a reserve to secure its loans and lending activities; it now has considerable assets and a decision will have to be taken on the use of these resources once the ECSC Treaty has expired. The reserve was established via a levy on steel and mining enterprises, geared to turnover. The levy was reduced to zero on 1 January 1998. Precise calculations of these assets — and in particular, the total amount in hand in 2002 — are not available. The European Commission currently calculates that when the ECSC Treaty expires, outstanding assets will total some EUR 1.25 bn. The final sum involved will also depend upon the measures to be funded by the ECSC from own resources before 2002.

2.1.2. The Amsterdam European Council, held on 16 and 17 June 1997, called upon the European Commission to put forward appropriate proposals to enable the ECSC reserves to be used to establish a research fund following the expiry of the ECSC Treaty in 2000; the research fund would assist ancillary sectors of the coal and steel industry. In its resolution of 20 July 1998, the Council of Ministers proposed that the ECSC assets should be transferred to a separate EU fund, administered by the European Commission and used specifically to fund a research programme for the coal and steel industry and ancillary sectors. In a working document of 16 November 1998, the European Commission assessed the legal and financial implications of the Council proposal and also considered the question of future involvement of the applicant states, who had not made any contribution to the ECSC assets. In a further resolution adopted on 21 June 1999, the Council of Ministers reaffirmed that the ECSC assets and liabilities were to be transferred to the other Communities but to be managed separately from other EU funding and to be devoted specifically to research in the coal and steel industries. The results of this research should be made accessible to the coal and steel industries in the CEEC (technology transfer).

2.1.3. The COR is pleased that the Council plan will ensure that the ECSC assets, raised by levies on coal and steel enterprises, will benefit these industries. The ECSC levy placed a sustained financial burden on these enterprises and they are therefore entitled to ECSC assets once the Treaty has expired.

2.1.4. The European Commission should however, ensure optimal transparency about the scale of ECSC assets when the Treaty expires and draw up a final balance sheet of all the ECSC's assets and liabilities; this document would also constitute an initial balance sheet for the special fund to be managed by the European Commission. The assets must not be spent on funding routine expenditure up to expiry of the Treaty to the extent that the special fund is no longer able to fulfil its intended role. Furthermore, this expenditure will have to be regarded as non-compulsory and will have to be charged to the budget without regard for the budgetary stabilisation principle laid down at the Berlin European Council in 1999. It is also essential to define clearly the ancillary sectors to be assisted from ECSC assets; it is important to ensure that appropriate use of the funding for the coal and steel industry is not undermined. It is also essential to lay down precise limits for the allocation of ECSC assets, in terms of the nature and objectives of the proposed projects. A fair solution also has to be found for inclusion of the applicant states.

2.2. *Promoting research*

2.2.1. ECSC efforts to promote research go back much further than those of the EC itself (cf. the framework programmes for research); there are also considerable differences between the research work carried out by the two Communities in terms of objectives and management. ECSC activities are not exclusively geared to cutting-edge research; they cover a much broader range of subjects. The fact that funding from the ECSC accounts for some 10-15 % of overall expenditure on research in EU coal and steel industries makes it more significant for this sector than EU work in promoting research in other sectors. ECSC work in promoting research into mining technology is of much greater significance. ECSC work in these fields has thus made a tremendous contribution to improving the technological competitiveness of the EU coal and steel industries. This more applied and more market-orientated kind of research should continue after ECSC Treaty expiry and not be hindered by EU competition policy.

2.2.2. The decision to use ECSC assets to promote research in the coal and steel industries does, in principle, pave the way for further efforts to promote research in these two industries. It is essential to ensure that the tried and trusted processes for allocating funding are retained. As has been the case up to now, back-up research in the social field — including research into industrial safety in the coal and steel industry and research into environmental aspects and measures to rehabilitate polluted industrial sites — should also be continued. Research in this field should, however, be linked as closely as possible to technical research. The procedures for allocating funds for research should be coherent with the principles underlying the environmental policies of the EU. Research in the coal and steel sector funded by the EU must contribute to the aim of improved environmental protection.

2.2.3. The coal and steel industries have the same right as all other industries to participate in the framework programmes for research funded from general EU resources. The fact that a special fund has been established through levies on the coal and steel industries of the EU, and that this fund is to provide special support for research in these fields, does not warrant any discrimination under the framework programme for research. The COR also supports the suggestions of the Commission to direct a part of the EU funds towards RES research.

2.3. *Provisions on financial aid*

2.3.1. The coal and steel industries are both subject to special conditions of competition in view of the particular characteristics of their products and the specific conditions governing the market (the steel industry is a cyclical industry producing uniform products in a market hallmarked by highly volatile prices and world-wide overcapacity; the coal industry, for its part, helps to supply the energy market with indigenous sources of energy under unfavourable conditions of cost). These particular conditions of competition require aid provisions geared to the specific needs of each industry.

2.3.2. The payment of subsidies is, in principle, banned under the ECSC Treaty. Aid to the coal and steel industry is subject to derogations under Article 95 of the ECSC Treaty. When the ECSC Treaty expires the coal and steel industries will be wholly subject to the general provisions on financial aid set out in the EC Treaty. The Treaty provisions do, in principle, provide an appropriate basis for granting financial aid to the coal and steel industries. Enterprises, trade unions and the Member States concerned have however long been highlighting the need to establish, in good time, satisfactory, binding follow-up instruments based on the EC Treaty provisions, which are in tune with the conditions governing the coal and steel industries.

2.3.3. The European Commission has provided the framework for such derogations for the coal industry, thereby making it possible to grant state aid. These measures were provided for under a number of decisions, which received unanimous Council approval; the most recent one dated 28 December 1993, covered the period 1 January 1994 to 23 July 2002. By making these decisions, the European Commission has recognised the need for the coal industry to continue to ensure that the EU enjoys security of supply in energy products and to help curtail the EU's growing dependence on fuel imports. This can, however, only be achieved through subsidies.

2.3.4. The Committee of the Regions believes that the case for reviewing the aid arrangements provided for under the EC Treaty should be discussed, with a view to including a specific reference to the coal industry. Even without such revision, however, there is an urgent need to take the requisite steps to establish a specific framework, via a Council Regulation issued under Article 89, for aid to the coal industry. The European Commission has, however, so far failed to table such a regulation. The COR believes that it is essential for such a proposal to be submitted without delay — or at least well before the ECSC Treaty expires — in order to enable enterprises to plan ahead.

2.3.5. The iron and steel industry is facing a different situation as regards competition. In the past countries frequently sought to outbid each other in providing disastrous levels of subsidies. In order to counteract this phenomenon, the Council of Ministers, acting on a proposal from the European Commission, some time ago adopted a code of practice governing aid to the steel industry. The ECSC Treaty was the legal basis for this proposal. This code authorises subsidies in the fields of research and development, the environment, and social issues. It will now have to be brought into line with the EC Treaty provisions on competition.

2.3.6. To this end, the Commission has since put forward a proposal, in the form of a Community framework measure, governing state aid to the iron and steel industries. This proposal essentially extends the strict rules on subsidies set out in the existing code of practice on aid to the steel industry; a number of adjustments are, however, made to bring it into line with the EC Treaty measures for the supervision of financial aid. Consideration should be given in this respect to drawing up a Council Regulation based on Article 89.

2.4. *Regulatory instruments*

2.4.1. The ECSC Treaty comprises a large number of regulatory instruments designed to ensure the smooth-operation of the markets in coal and steel; some aspects of these instruments differ sharply from their counterparts under the EC Treaty. They reflect, to a certain extent, the particular market conditions governing the coal and steel industries, such as short-term economic volatility; they do, however, in some cases also reflect a different basic approach to economic policy which was in vogue when the EC Treaty was signed. With the expiry of the ECSC Treaty, it will be necessary to bring the coal and steel industries in the EU under the regulatory instruments enshrined in the EC Treaty.

2.4.2. In this context, the Committee of the Regions calls for the retention of the ECSC instruments which have proved their worth in the past and will continue to be required to ensure the optimal, smoothest operation of the coal and steel markets. Take for example the special statistical information instruments, which are on a different scale of importance in sectors which produce uniform products; these instruments could also be retained as a back-up for Eurostat's current work. A further example is the possibility of introducing voluntary crisis-management measures in the coal and steel industries. The necessary measures should be taken under EU law to enable the abovementioned instruments to be retained. Steps should be taken to prevent any cut-back in the more far-reaching provisions of EU law (the 'acquis communautaire') applying to the coal and steel industries in those areas in which they have proved their worth. It should also be emphasised in this context that full account should be taken of developments in the WTO and in the European Union's trade relations with the United States.

2.5. *Energy policy objectives*

2.5.1. It is in the EU's interests to maintain a coal-mining industry which is justifiable in macro-economic terms and can help curtail the EU's current growing dependence on imported energy.

2.5.2. Community energy policy measures must also take account of coal. To date preliminary steps only have been taken in pursuing such an approach. What we need is a positive Community strategy for the entire coal industry which underlines the future benefits of sustainable coal-mining and coal-use in Europe and highlights the global importance of modern European coal technology. Such a policy is also necessary against the background of enlargement.

2.5.3. Without wishing to re-open the debate on the creation of a legal basis for an EU energy policy — a matter which was raised in the negotiations on the Maastricht and Amsterdam Treaties — the Committee takes the view when the coal industry is brought under the EC Treaty, this will provide an opportunity for recognising the legitimacy of including the objective of security of supply in the EC Treaty.

2.6. *Supporting social-policy measures*

2.6.1. The structural adjustment process in the coal and steel industries will also go on after the ECSC Treaty expires in 2002 and will accelerate with the accession of the new Member States. Up to now resources have been available from the ECSC budget for adjustment, training and retraining measures. Once the ECSC Treaty is wound up, this legal basis will no longer be available. As a result the continued availability of social adjustment aid — a prerequisite for socially-acceptable restructuring of the coal and steel industries after 2002 — will be in jeopardy. The central and eastern European applicant states (CEEC) will have no prospect of receiving comparable aid to enable them to carry through the much more radical changes with which their coal and steel industries have to contend.

2.7. *Supporting measures in the field of regional policy*

2.7.1. In order to support regional-policy measures, the ECSC for a long period provided soft loans to promote job creation in industries outside coal and steel. These loans ceased from 1 January 1997. A large part of the regions in which the European coal-mining and steel industries are located is eligible for assistance under Objective 1 or Objective 2 of the ESF. EU aid can therefore be used in these areas to support measures geared to restructuring the coal and steel industries and creating jobs in other industries. As a result of the reduction in the number of eligible areas and the expiry of Resider and Rechar on 31 December 1999, a sizeable number of coal and steel-producing areas have, however, lost their entitlement to EU regional aid. These areas, too, may have to undergo major restructuring in the next few years.

2.7.2. The European Commission should therefore show flexibility — within the framework of the population ceilings established for Objective 1 and Objective 2 — in responding to such developments and should, where appropriate, correct the lists of eligible areas. The European Commission should also promote cooperation between coal and steel-producing areas — inter alia under strand C of the Interreg programme — for example in regard to exchange of information on best practice. Regions not eligible for assistance under Objectives 1 and 2 should also be eligible for these measures.

2.8. *Social dialogue*

2.8.1. One of the key features of the ECSC Treaty is the institutional social dialogue between representatives of industry, workers and consumers, within the 'Consultative Committee'. This committee has been, and continues to be, more than just an effective consultation tool for the European Commission; it has also promoted a readiness to cooperate

and helped to create a particular spirit of consensus within the coal and steel industries; this may serve as an example, above all to the CEEC, in the light of the structural adjustment processes with which they will soon have to contend. In terms of optimum partnership, the involvement in the social dialogue of the regional authorities concerned could represent added value.

2.8.2. The COR believes that this dialogue should be continued in an appropriate, institutionalised form. With this aim in view, it is essential to provide for mandatory consultation of the consultative committee and for it to have a right of initiative in matters relating to coal and steel. The Commission should submit a proposal for establishing an appropriate legal basis for these measures, in consultation with the coal and steel industries.

2.9. *Coal and steel industries in the CEEC*

2.9.1. At about the time the ECSC Treaty expires, the European Union will be faced with a particular challenge as a result of the impending radical changes in the coal and steel industries of the applicant CEEC. For this reason the pace of restructuring within the coal and steel industries must be considerably stepped up. Enterprises and trade unions within the coal and steel industries are prepared — as are also the coal and steel-producing regions of the current EU Member States — to support the states and regions concerned, and the European Commission, in carrying out this difficult task.

2.9.2. In the context of the enlargement process, there is a need to consider precisely what aspects of existing EU law on coal and steel must be adopted forthwith by the applicant states. A clear position should be adopted, before specific negotiations get underway with the applicant states on this issue; this position should set out the terms of the exemptions which could be granted to the applicant states in the area of competition.

2.9.3. The COR calls upon the Commission, the Council and the European Parliament to make provision, in the programmes for assisting the CEEC and preparing for their accession to the EU, for adequate assistance for back-up measures to cushion the process of structural change in coal and steel. Account should also be taken of the need for such assistance in (a) the administrative aid to the CEEC (b) programmes for promoting regional cooperation, such as strand C of Interreg III and (c) the Instrument for Structural Policies for Pre-Accession (ISPA).

2.10. *Environmental Protection*

The coal and steel industries have traditionally been a source of major environmental pollution. They also create large-scale emissions of CO₂. Standards have been adopted under the EC Treaty for the purpose of protecting the environment and, in particular, of limiting greenhouse gas emissions. The Committee takes the view that these standards should be extended to include the coal and steel sectors once they are brought under the EC Treaty.

2.11. *Institutional aspects*

The Committee of the Regions believes there is a need to consider the precise changes which would have to be made to the EC Treaty in order to accommodate the sectors currently governed by the ECSC Treaty. Consideration should be given to the possible introduction of interim measures. The changes made should, at all events, reflect a number of specific aspects of the coal and steel sector, such as the financial arrangements, the need for security of supply, aid schemes, and, possibly, the retention of a number of powers vested in the Commission.

3. **Conclusions**

3.1. The COR highlights the ECSC's key contribution towards achieving and safeguarding peace in Europe, promoting political and economic integration and raising the level of prosperity; the ECSC has therefore fully accomplished its original objectives. In particular, it has substantially facilitated structural change in the coal and steel industries and helped to shape this change in a socially acceptable way.

3.2. The COR believes that, in view of the ongoing tremendous pressure for restructuring, the expiry of the ECSC Treaty on 23 July 2002 will trigger serious economic and social problems for the coal and steel industries and the EU regions concerned. These issues will need to be resolved.

3.3. The COR notes that the special ECSC Treaty arrangements are scheduled to expire definitively, with the coal and steel industries then coming under the EC Treaties. The Committee takes the view that in those areas where the higher level of integration provided for under the ECSC Treaty than under the EC Treaty has proved its worth, the requisite provisions should be retained in respect of coal and steel, and an appropriate legal basis should accordingly be established under the EC Treaty; in line with EU energy policy objectives, lignite should be included as well as coal.

3.4. The COR welcomes the proposed transfer of ECSC assets to a special fund to be administered by the European Commission; this fund is to be used to finance (a) research projects for the benefit of coal and steel enterprises and (b) research into supporting scientific, technical, environmental and social measures. In the Committee's view, steps should be taken to ensure maximum transparency in the very near future as regards the actual scale of the ECSC's assets; to this end, the Committee proposes that a final balance sheet be drawn up which would at the same time constitute an initial balance sheet for the special fund. The tasks funded by the ECSC in the run-up to expiry must not absorb such a large amount of the ECSC assets as to prevent the special fund from fulfilling its intended tasks.

3.5. As well as benefiting from special aid for research funded from ECSC assets, the coal and steel industries are also entitled to participate fully in the EU's framework research programme. The Committee of the Regions feels that research for the coal and steel industries funded by the EU should be compatible with other EU policy aims, notably in the area of environmental protection. The general EU research funds should also be (partly) directed towards renewable energy sources.

3.6. The COR believes that the EC Treaty provisions for supervising state aid do in principle provide an appropriate basis for establishing follow-up instruments for aid arrangements for the mining and iron and steel industries. Would a Council regulation adopted under Article 89 provide an appropriate legal basis for such measures?

3.7. The COR broadly welcomes the Commission proposal that a new code be introduced in respect of aid to the steel industry, under the EC Treaty; the code would continue to provide for a strict ban on aid, in line with the specific situation applying to this industry, in order to prevent countries out-bidding each other in offering disastrous levels of subsidies.

3.8. The COR also calls upon the Commission to submit, well before 2002, a proposal setting out viable provisions for aid, to cover the coal industry, taking account of the fact that it is in the EU's interest to maintain a vigorous coal-mining industry. The Committee of the Regions urges the Commission to present a communication on the situation with regard to aid arrangements for the coal sector, and — where necessary — proposals for amendments to the arrangements.

3.9. The ECSC Treaty instruments which have ensured smooth, optimal operation of the coal and steel markets should be maintained; these include the statistical data instrument arrangements for voluntary crisis-management measures. The

Committee calls upon the Commission to formulate an appropriate legal basis for such action under the EC Treaty, in consultation with the coal and steel industries.

3.10. The expiry of the ECSC Treaty will remove the legal basis for funding social adjustment measures under Article 56. This also constituted a key provision for funding redundancy programmes in the coal and steel industries. The COR therefore urges the Commission and the Member States to provide for appropriate supporting measures for social adjustment in the coal and steel industries, when planning ESF activities for 2000-2006. Similar support for CEEC in advance of enlargement is also in urgent need.

3.11. The COR is concerned that the scaling-down of the areas eligible for assistance under Objectives 1 and 2 of the Structural Funds, coupled with the expiry of Resider and Rechar on 31 December 1999, has meant that a number of coal-mining and steel areas will in future no longer receive EU regional aid.

3.12. Social dialogue within the ECSC consultative committee is, the COR thinks, an exemplary way of promoting cooperation between representatives of industry, employees and consumers; the COR requests the European Commission to submit a proposal for the continued operation of the consultative committee and providing for mandatory consultation of this committee.

3.13. The incorporation of the CEEC and the dramatic changes which enlargement will entail for the coal and steel industries will, in the Committee's view, constitute a special challenge for the entire EU. The Committee believes that account should be taken of the experience gained by coal and steel producing regions in the current EU Member States, when implementing the structural adjustment process. The requisite provisions should be incorporated in the programmes for preparing the applicant states for EU membership.

Brussels, 13 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on:

- the ‘Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions’, on the ‘Fifth Report on the implementation of the Telecommunications Regulatory Package’, and
- the ‘Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: Towards a new framework for electronic communications infrastructure and associated services — the 1999 Communications Review’

(2000/C 226/15)

THE COMMITTEE OF THE REGIONS,

having regard to the Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on the ‘Fifth Report on the Implementation of the Telecommunications Regulatory Package’, (COM(1999) 537 final) and the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on ‘Towards a new framework for Electronic Communications infrastructure and associated services — The 1999 Communications Review’, (COM(1999) 539 final);

having regard to the decision by the Commission on 15 November 1999, acting under the first paragraph of Article 265 of the Treaty establishing the European Community, to consult the Committee of the Regions on the matter;

having regard to the decision taken by its bureau on 2 June 1999 to instruct Commission 3 for Trans-European Networks, Transport and Information Society to prepare an opinion on the subject;

having regard to the draft opinion (CdR 520/99 rev. 1) adopted by Commission 3 on 4 February 2000 (rapporteur: Mr Koivisto FIN, PSE),

adopted the following opinion at its 33rd plenary session on 12-13 April 2000 (session of 13 April).

1. The purpose of the communications**a) *The Fifth Report on the Implementation of the Telecommunications Regulatory Package*****1.1. The communication**

- examines the implementation of existing telecommunications regulations in the Community;
- analyses how national regulations are implemented in practice;
- provides an overview of the development of telecommunications markets;
- summarises the main obstacles to the implementation of the single market;
- provides starting points for the review of the entire regulatory framework for communications, but telecommunications in particular.

b) *Towards a new framework for Electronic Communications infrastructure and associated services*

1.2. The communication presents a review of EU regulation in telecommunications, and proposes the main elements for a new framework for communications infrastructure and associated services.

2. The opinion of the Committee of the Regions; the general situation with regard to telecommunications markets

2.1. The Committee of the Regions agrees with the general policy objectives presented by the Commission, the principles behind regulatory action, and the structure of the new regulatory framework. In particular, the Committee of the Regions endorses the Commission's view that the new framework must seek to increase competition in all market segments, particularly at local and regional level.

2.2. The Committee of the Regions also agrees with the principles underlying the two communications, namely that the new regulatory framework should be designed to cater for new, dynamic and largely unpredictable markets with many more players than at present.

2.3. Like the Commission, the Committee of the Regions wishes to stress that the new framework must be much more flexible than before and broader in scope in order to be able to adapt to rapid and unpredictable technological and market changes, which have an impact on all other sectors of society.

2.4. The Committee of the Regions commends the fact that the Fifth Report takes the regional dimension into account more clearly when considering the consequences of legislation on service access and pricing.

2.5. The Committee of the Regions wishes to draw the Commission's attention to the fact that, in many Member States, the regional competition described in the Fifth Report is, in practice, purely theoretical and in reality, particularly in the most remote regions, services are provided by a single company. The Committee of the Regions is concerned at the rapidly widening disparities between regions and considers that a universal service and other similar mechanisms are excessively slow instruments for rectifying the situation in rapidly evolving markets.

2.5 (a) Existing research confirms that there is a clear link between concentrations of economic activity and the establishment of telecommunications networks. Telecommunications infrastructure is thus one of the elements of competition in attracting enterprises. It also follows that in all likelihood differences do not exist — or will not arise — solely between EU regions; they will also occur within regions. Account should be taken of these factors in the formulation of EU telecommunications policy as they have important implications for social and economic cohesion in the EU Member States. Furthermore, regional and local authorities should be careful to take measures to establish the right conditions with regard to the establishment of telecommunications networks, insofar as such measures come within their powers.

2.6. The Committee of the Regions hopes that future reports on implementing telecommunications markets might consider actual operators located in various parts of the EU and in different regions with different service needs, in order to establish just how effective competition really is.

2.7. The Committee of the Regions agrees with the Commission's view on the need for a broader regulatory basis for the communications sector, but wishes to emphasise that elsewhere within the field of telecommunications there are

areas which, on account of their market structure, require a different approach. For example, various local authorities across Europe — the best and most widely known example probably being the city of Stockholm — have, through their own efforts or by other means, acquired an often quite extensive broadband telecommunications cable network, which has then been available in practice for network equipment and services to all businesses. In such cases, although in one respect a kind of monopoly prevails, the common European objectives are generally achieved more effectively from the point of view of the user with regard to the breadth of service provision and value for money than in the competition situations envisaged by the two communications.

2.8. In view of the situation described above, the Committee of the Regions hopes that the Commission will seek to make a clearer market distinction between cable and other equivalent infrastructure services on the one hand, and actual consumer services on the other.

3. The opinion of the Committee of the Regions; proposals for new regulatory principles

3.1. Licensing and authorisations

3.1.1. The regions support the principles on licensing and authorisations outlined in the communication.

3.2. Access and interconnection

3.2.1. In line with the above, the Committee of the Regions is doubtful as to whether the proposed measures can achieve the general EU information society policy objectives sufficiently quickly and would prefer to see a clearer market separation between infrastructure and services.

3.2.2. The Committee of the Regions feels it is important that all mobile operators, and not just those with a major market position, are subject to the obligations relating to the freedom of choice of operator.

3.3. Management of radio frequency

3.3.1. The Committee of the Regions has no comments to make on the Commission position on management of radio frequency.

3.4. *Universal service*

3.4.1. The Committee of the Regions wishes to draw the Commission's attention in particular to the fact that free competition in telecommunications does not bring equal benefits to all regions or to all local districts within regions. In addition, the rapid evolution in markets and technologies has merely served to exacerbate these differences, as new services tend to be concentrated in areas with a sufficiently large volume of customers. The aim of universal services is to provide universal access to the information society. The Committee of the Regions therefore feels that the positions presented in the communication must be regularly monitored with regard to actual results, and constantly, pro-actively revised in order to guarantee truly universal access. At the same time we must guarantee, *inter alia*, the social, cultural and economic development of the sparsely populated areas and influence population stabilisation.

3.4.2. Contrary to the Commission's position, the Committee of the Regions feels it is important to include broadband services within the scope of existing universal services, at least as a political objective. *Inter alia* this would achieve the aim of ensuring that the most disadvantaged regions, or at least part of them, would not remain unconnected to the new technologies. Otherwise they would lag even further behind the potentially more developed regions, since they would either lack advanced telecom services or would secure them too late.

3.4.3. The Committee of the Regions also wishes to draw the Commission's attention to the fact that users in every region have very different needs (for example, schools, health care, different kinds of companies and citizens). Effective universal service criteria should also take account of users with unusual needs.

3.4.4. In addition to developing a universal service, the Committee of the Regions feels that serious consideration should be given to rapidly targeting resources, including EU funding opportunities, towards local authorities and other local and regional players responsible for general infrastructure provision, so that they can, if necessary, put in place the necessary broadband infrastructure in their own regions and make it available to different kinds of service provider. Naturally, particular attention should be paid in this respect to those regions where the market does not function correctly and funding should be provided to counter this shortfall, so as to put them on an equal footing with other regions when it comes to playing this new role.

3.5. *The interests of users and consumers*

3.5.1. The Committee of the Regions wishes to draw the Commission's attention to the importance of ensuring privacy protection in operations employing the latest mobile phone technologies.

3.6. *Numbering, naming and addressing*

3.6.1. The Committee of the Regions hopes that number portability can also be introduced as quickly as possible between fixed and mobile communication networks.

3.7. *Specific competition issues*

3.7.1. The Committee of the Regions endorses clarification of the concepts of 'significant market power' and 'dominant position'. However, in general the situation with regard to market position changes decisively when the focus is shifted from the European or national level to the regional and local one. The Committee of the Regions feels that, in essence, it should also be possible to apply the regulations on dominant market position in those cases where individual consumers only have a single option for purchasing an important communication service.

3.8. *Institutional issues*

3.8.1. In view of the convergence taking place between different fields of communications and telecommunications, the Committee of the Regions considers the Commission proposal on the Communications Committee to be appropriate. Indeed, the capability should be there to rapidly expand the activities of both the Committee and the High Level Group, if the fields converge faster than expected in the future. The Committee of the Regions agrees with the Commission view that no real added value would be achieved by setting up a European regulatory authority.

3.8.2. The Committee of the Regions believes that the independence of national regulatory authorities is essential, as the transition from the former state monopolies to open competition is still ongoing in many Member States.

4. **Summary**

The Committee of the Regions:

- The Committee of the Regions agrees with the general policy objectives presented by the Commission, the principles behind regulatory action, and the structure of the new regulatory framework. In particular, the Committee of the Regions endorses the Commission's view that the new framework must seek to increase competition in all market segments, particularly at local level.
- The Committee feels that the views on the universal service presented in the Communication must be applied actively and on an ongoing basis in order to ensure the relevant access.

- In addition to developing a universal service, the Committee feels that serious consideration should be given to rapidly targeting resources, including EU funding opportunities, towards local authorities and other local and regional players responsible for general infrastructure provision, so that they can, if necessary, put in place the necessary broadband infrastructure in their own regions and make it available to different kinds of service provider.
- The Committee endorses clarification of the concepts of 'significant market power' and 'dominant position'. However, in general the situation with regard to market position changes decisively when the focus is shifted from the European or national level to the regional and local one. The Committee of the Regions feels that, in essence, it should also be possible to apply the regulations on dominant market position in those cases where individual consumers only have a single option for purchasing an important communication service.
- The Committee draws the Commission's attention to the importance of ensuring privacy protection in operations employing the latest mobile phone technologies.
- The Committee hopes that number portability can be introduced as quickly as possible between fixed and mobile communication networks.

Brussels, 13 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

**Opinion of the Committee of the Regions on the 'Commission report to the European Council
"Better lawmaking 1999"'**

(2000/C 226/16)

THE COMMITTEE OF THE REGIONS,

having regard to the Treaty establishing the European Community, and in particular Article 5 thereof;

having regard to the Amsterdam Treaty, and in particular Protocol No. 7 on the implementation of the principles of subsidiarity and proportionality and Declaration No. 39 on the quality of the drafting of Community legislation;

having regard to the presidency conclusions of 11 December 1999 (Helsinki) which state: 'The European Council welcomes the Commission's report entitled "Better lawmaking" which confirms the priority attached to the principles of subsidiarity and proportionality and to full application of the relevant Treaty Protocol;'

having regard to the Commission's report to the European Council 'Better lawmaking 1999' (COM(1999) 562 final);

having regard to the European Parliament resolution on the Commission's report to the Council 'Better lawmaking 1997', adopted on 18 December 1998;

having regard to its opinion of 11 March 1999 on the principle of subsidiarity 'Developing a new culture of subsidiarity. An appeal by the Committee of the Regions' (CdR 302/98 final);⁽¹⁾

having regard to its opinion of 15 September 1999 on the Commission report to the European Council 'Better lawmaking 1998 — a shared responsibility' (CdR 50/99 fin);⁽²⁾

having regard to the decision of its Bureau of 17 November 1999, in accordance with Article 265(5) of the Treaty establishing the European Community, to issue an opinion on this matter and to instruct the Commission for Institutional Affairs to draw up this opinion;

having regard to the opinion of the Commission for Institutional Affairs of 8 March 2000 (rapporteur: Mr Stoiber, D-PPE) (CdR 18/2000 rev. 1);

whereas the principle of subsidiarity, introduced into the current Article 5 of the Treaty establishing the European Community by the 1992 Maastricht Treaty, is a legal principle which must continue to be developed and which is designed to ensure that decisions in the Union are taken close to citizens;

whereas under Article 5(1) of the Treaty establishing the European Community, the principle of subsidiarity, as outlined in the Treaties and in Protocol No. 7 to the Amsterdam Treaty, relates to areas which do not fall within the exclusive competence of the Community and offers guidance on how such areas should be dealt with at Community level, while upholding the existing corpus of Community law and keeping an institutional balance;

whereas in a Europe with an increasing number of fields in which the EU is endeavouring to find Community solutions, strict adherence to the subsidiarity principle is now particularly important in order to ensure that adequate account is taken of regional and local interests,

⁽¹⁾ OJ C 198, 14.7.1999, p. 73.

⁽²⁾ OJ C 374, 23.12.1999, p. 11.

adopted the following opinion at its 33rd plenary session of 12 and 13 April 2000 (meeting of 13 April).

1. The Committee of the Regions' position on the Commission report

1.1. In its report 'Better lawmaking 1999' the Commission describes the principles of subsidiarity and proportionality as a 'changing background' that must be further developed.

1.2. However, it also points out that increasingly there are important spheres in which even more Community legislation is necessary. It refers here (a) to the new provisions of the Amsterdam Treaty, public health and the decision of the Tampere European Council to create an area of freedom, security and justice, and (b) to the sphere of foodstuffs.

1.3. The Committee agrees with the Commission that new Community legislation must be possible on the basis of the Treaty provisions. But we must ask whether the desired objectives could also be achieved through measures taken by the Member States and/or by the regions. The answer to this question, also in the areas mentioned by the Commission, depends entirely on circumstances and requirements.

1.4. The Committee agrees with the Commission that the subsidiarity and proportionality principles will become even more pivotal in the context of enlargement. The basic question arises: what impact will enlargement have on Community policies. The closer we move towards enlargement, the more pressing will become the need to specify which tasks must really be dealt with at European level and how to implement effectively new forms of partnership between the different levels of governance.

1.5. Despite the progress and all the ongoing efforts of the Commission, it is becoming ever clearer — particularly in view of the new powers being granted to the Commission by the heads of government and the planned eastward enlargement of the European Union — that the subsidiarity and proportionality principles alone will not be enough to guarantee that European legislative activity focuses on what is essential.

In future the principles of subsidiarity and proportionality must therefore be reinforced by structuring powers to take account of the scope for action of, and cooperation between, the various spheres of government, with provision for a review, if necessary, depending on the quality of the results obtained. The Treaty lays down the principle that each institution should act within the powers conferred upon it

(Art. 5, para. 1, EC Treaty); the existing rules are task- and goal-oriented. In this context the Committee has already proposed on several occasions that a debate should begin forthwith on the distribution of powers, so that the regions and local authorities of the Member States have an opportunity to extend their scope for action.

The Intergovernmental Conference must address the question of subsidiarity and proportionality and come forward with proposals for each policy area. Where possible, the need for, and scope of, EU action must be reduced by decentralization or alternatives to legislation. Self-regulation and voluntary agreements produce far better results than legislation; in other areas more EU action may be required.

1.6. Under the EC Treaty, the subsidiarity principle does not apply to legislation which falls within areas of EU exclusive competence. Despite this qualification, the European Commission has interpreted exclusive Community competence in Article 5(1) of the EC Treaty very broadly in the past and there is thus cause for concern that this practice will curtail the impact of the subsidiarity principle. It would therefore be useful to specify in the Treaty or in a Treaty Protocol what the areas of exclusive Community competence are.

1.7. Although the general provision in Article 308 may have been justified at the beginning of the integration process, in order to cover any unintended competence loopholes and to ensure that integration was achieved quickly, this article is obsolete and should be removed from the Treaty. The regions and local authorities are calling for a simplified Treaty revision procedure calculated to achieve the necessary redefining of powers democratically and in accordance with the rule of law.

1.8. Improved delineation of EU responsibilities would not just make existing political powers more transparent for people, regions, Member States and the EU bodies themselves. Clearly defined powers would also increase the chances of moving to more majority voting and so improving the efficiency of the EU overall.

1.9. The Committee feels that strengthening subsidiarity and proportionality would also promote the right of the Committee and of regions with legislative powers to appeal to the Court of Justice. This right would help to enhance the status of the COR, ensure full respect for its rights and make it possible to appeal in cases where the subsidiarity principle is

violated. It would help to protect the legislative powers of the regions against illegal interference. Granting the Committee of the Regions the status of an institution, under the terms of Article 7 of the EC Treaty, would resolve this matter without having to alter the article concerned.

1.10. EU democracy cannot function properly unless the Treaties and the decision-making procedures become more transparent and intelligible to citizens. A rationalization and simplification is called for. The COR therefore endorses proposals to unify the Treaties in a text consisting of two sections:

- a) a 'constitutional' or basic section containing the preamble, the objectives of the Union, fundamental rights and the provisions concerning the institutions and individual conferred powers. This section can only be amended by an IGC.
- b) a section dealing in particular with technical, procedural and institutional matters, in so far as these can also be dealt with under secondary law. This section can be amended under the lighter Community procedure not involving an IGC. In any case, the transfer of Member States' powers to the European Union requires the agreement of Member States' parliaments.

1.11. In its opinion on the 1998 subsidiarity report, the Committee already noted that subsidiarity is also a guiding principle of the relationship between the European Union, the Member States and local and regional authorities, and that the definition contained in Article 5 of the EC Treaty should therefore apply to relations between the Community, the Member States and the regions and local authorities, without prejudice to the fact that the relations between regional and local authorities and the Member States are governed by individual national constitutions.

1.12. The Committee would stress again that the Treaty provides for decisions to be taken at the level that is closest to the general public, which is not always the level of central government. The principle of subsidiarity should thus be understood as the basis for responsiveness to the general public and for efficiency.

2. Committee of the Regions' recommendations for the Commission report

2.1. The Committee regrets that its suggestion in response to the Commission's subsidiarity report 'Better lawmaking 1998 — a shared responsibility' that application of the principles of subsidiarity and proportionality and the question of quality of texts should be dealt with in separate documents has not yet been taken up. The Committee repeats that dealing with these matters in a single document is not conducive to

thorough consideration and discussion of these two complex issues, which are very different in nature, but of crucial importance in bringing the European Union closer to ordinary people.

2.2. The Committee also welcomes the efforts of the European Commission in this subsidiarity and proportionality report to observe the subsidiarity and proportionality principles in the exercise of its legislative and regulatory powers by helping to repeal many legislative instruments through a large number of formal consolidation proposals. This has also ruled out intervention in areas that are a matter for regional or local authorities or that are clearly better dealt with by tiers of government that are closer to grassroots level. Moreover, each proposal made by the Commission should be evaluated in terms of its financial consequences, which will be borne by the Member States — and in particular the local authorities — in those areas where they are competent.

2.3. The Committee welcomes the fact that the Commission is making a greater effort, in accordance with the Amsterdam protocol, to choose the simplest possible form for its measures, and to always keep in mind that measures should be implemented and applied according to the same principle.

2.4. In a Europe that is supposed to be transparent and responsive to public concerns it is essential to frame Community legislation in such a way that it is understood by those for whom it is intended. The Committee therefore endorses the Commission's efforts to make texts clearer, more coherent and unambiguous, in order to ensure uniform application in all the Member States. This requirement is all the more urgent as the texts which are adopted finally often are the subject of compromises which cannot always be transposed easily into national laws.

2.5. The Committee regards the interinstitutional agreement adopted in December 1998 on quality of drafting of Community legislation as a step in the right direction.

2.6. The Committee feels that the Commission should continue with its efforts to simplify legislative provisions as far as possible. It should also help to ensure that its proposals are not blocked during discussion by other institutions.

2.7. The Committee is interested to note from the Commission's report that its proposals on simplifying legislation have not been implemented by the Council and Parliament to the extent or at the pace proposed by the Commission. It therefore calls on the Council and on Parliament to cooperate with the Commission's efforts to simplify legislative texts.

2.8. The Committee considers the SLIM initiative (simpler legislation for the internal market) to be a good instrument for promoting simplification. It also endorses the assessment programme developed by the Commission in cooperation with the Member States.

2.9. The Committee is pleased to see that the Commission is continuing its efforts to update (consolidate) instruments for information purposes, which are intended to meet the needs of all users of Community law. Information on the Eur-Lex and Celex sites, where in the past year some 500 consolidated legal instruments have been made available, is a considerable benefit. Moreover, although the recent overhaul of the Celex site has increased the number of formats available, there are serious shortcomings in terms of user-friendliness, especially

as regards printing the selected documents. Appendices in table form are an example, as these are often essential to the interpretation and implementation of legislation.

2.10. The aim of making the European Union more transparent and comprehensible, and thus closer to the general public, requires first and foremost that people have access to information on Community law. New technology provides effective tools to supplement the traditional information brochures and handbooks. The Commission is called upon to make more use of these possibilities. The Commission's Europa server provides an example of people's growing interest in Europe. However, there is a need for the various pages to be made more user-friendly and more accessible, by enabling the server to cope with simultaneous hits.

Brussels, 13 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the 'Report from the Commission "Mid-term review of structural interventions Objectives 1 and 6 (1994-1999). Developing a management culture through evaluations: towards best practice"'

(2000/C 226/17)

THE COMMITTEE OF THE REGIONS,

having regard to the report from the Commission on the 'mid-term review of structural interventions Objectives 1 and 6 (1994-1999). Developing a management culture through evaluations: towards best practice' (COM(1998) 782 final);

having regard to the decision taken by its Bureau on 2 June 1999 under Article 265, fifth paragraph, of the Treaty establishing the European Community, to issue an opinion on this subject and to instruct Commission 1 for Regional Policy, Structural Funds, Economic and Social Cohesion and Cross-border and Inter-regional Cooperation to prepare it;

having regard to the draft opinion (CdR 389/99 rev. 2) adopted by Commission 1 on 2 February 2000 (rapporteur: Sir Ron Watson, Member of Sefton Metropolitan Borough Council Town Hall, UK/PPE),

adopted the following opinion at its 33rd plenary session on 12 and 13 April 2000 (meeting of 13 April).

1. Introduction

1.1. A continuous evaluation process for the Structural Funds programmes was established during the 1998 reform and includes ex-ante, mid term and ex-post evaluation of all European Union co-financed programmes. The aim is to ensure the effective disbursement of EU resources, in particular with regard to reducing economic and social disparities in objective 1 and 6 regions.

1.2. The Commission's report includes an examination of the overall process, the principal findings, the main outcomes and adjustments made and the implications for future programmes. It also makes some recommendations for the future programming period. The COR wishes to add its own recommendations.

1.3. The report proceeds to summarise the main elements of more than a 100 mid term evaluations carried out in relation to the 1994-1999 Objective 1 and 6 programmes. These were mostly carried out between 1997 and 1998, thus taking into account the Commission's own guidelines, which were published in May 1997.

1.4. The mid term evaluation is a shared responsibility between the member state, regions and the European Union and on average 0,1 % of the total budgets have been utilised for these evaluations.

2. The Mid Term Evaluation Process

2.1. The key element of the Structural Funds is to reduce economic and social disparities within specific national strategies and priorities. As such the mid term evaluations provide a tool for assessing what adjustments should be made to programmes to reflect changing national economic circumstances.

2.2. This is particularly the case in the Cohesion Four countries, where the CSFs cover most, if not the entire, country, where the example of Ireland resulted in a re-direction of resources to public infrastructure to sustain rapid economic growth. Other exogenous factors such as the earthquake emergency in Italy and the introduction of employment as an over riding EU wide priority also led to shifts in the programmes.

2.3. In May 1997, the Commission issued its guidelines for priorities for interventions for the Structural Funds post the mid term. These had been drawn up on the request of the member states. They set out the changing EU wide policy context and stipulated what elements should be covered in the mid term evaluations.

2.4. The mid term evaluations have tended to focus on financial data supplied by the relevant monitoring systems. At the stage of the mid term evaluation, little information about the wider and longer-term impacts of the Structural funds will not be available.

3. Lessons from the Mid Term Evaluations

3.1. The extent of mid term evaluations (100+) bear witness to the importance that both the Commission and the member states attach to the evaluation process. A key point of the mid term evaluations is to establish the extent to which a programme lends itself to evaluation and to establish the subsequent methodology. The main aims are to assess the degree to which the programme has met its objectives at the half way stage, determine the initial impact of the interventions, and propose, where necessary, recommendations to improve the management of the programme.

3.2. It is clearly essential that the evaluators are independent of both the managing authorities and the executive bodies. The report does, however, give two examples of a highly effective internal evaluations in Italy (the Evaluation Unit of the Budget Ministry in Italy, and Ireland). Whatever methodologies are used, evaluations must be based on the initially agreed criteria and objectives of the programmes to ensure that progress (or lack of it) can be measured and appropriate action taken.

3.3. In some cases partnerships may also wish to engage with suitably qualified research institutes, which may be located within higher education institutions or the social partners. In many cases, representatives of such bodies are members of the programme monitoring committees, yet possess the technical knowledge and competence to undertake evaluations and assessments. The COR believes it would be wrong to rule this out, provided clear rules of engagement and separation of duties exists.

3.4. In general, Programme Monitoring Committees have been keen to take on the responsibility for the implementation of recommendations from the evaluations and appropriate sub structures have been established to deal with the evaluations, both in terms of managing the evaluations and taking forward their recommendations.

3.5. The involvement of regional authorities has varied, depending on the political and institutional specificities of the individual member states. There appears to have been more direct involvement of regional authorities in case where the Structural Funds have been delivered through SPDs rather than CSFs, which by their nature tend to be national programmes.

3.6. In general, evaluation reports have been of a high quality and standard, showing the progress, which is being made, in this important field. This has been partly driven by the MEANS Programme, which aims to facilitate evaluation work across Structural Funds. The Commission's report expresses some concerns relating to the highly academic nature, narrow scope (management rather than results and impacts), lack of independence and lack of support from managing authorities of some of the evaluation reports.

3.7. The Commission's report states that it has been possible to assess some of the key macro-economic impacts of the CSFs in the larger member states (the Cohesion Four, Italy and Germany) at the mid term. There is a clear positive impact on both economic growth and employment from the Structural Funds interventions, although more emphasis needs to be placed on the use of integrated models, which examines the impact on both supply and demand.

3.8. Generally speaking, the impact on employment has been less than on economic growth in percentage terms, due to an assumption of increased productivity where companies become more efficient. There is clearly an inherent tension between achieving economic growth and the creation of jobs and while the Structural Funds have to have a proper regard to the employment effect, economic efficiency of the investments should be an overriding principle in the assessments.

3.9. For the smaller programmes (generally SPDs), results from macro economic modelling are harder to achieve because of the inter linkages with the wider economy. The report quotes the Belgian experience as an example of best practice, where the results showed a significant risk of a return to slower growth rate after the completion of the SPD.

3.10. The Commission's report also includes a section on the effectiveness of the interventions, including a review of indicators used. In many case, the evaluations led to a substantial review of agreed physical and impact indicators. Efficiency has not been covered in any great detail.

3.11. The Commission's report accepts that it is difficult to present an overview of the outputs and results from across the programme because programmes are not comparable across regions. Clearly this is to do partly with the lack of a common core set of indicators agreed by the Commission and member states prior to implementation. This aspect also requires further analysis as the implication could be that indicators are changed to suit local circumstances. While it is clearly acceptable to do so where economic and social circumstances require this, this must not be a common practice.

3.12. A key feature of the mid term evaluations were the assessment of the monitoring systems and project selection criteria. The current programmes contain a significant developments in the use of quantified indicators. However, a number of programmes still show a weakness in information available and, more generally, related to the quantification of indicators. Clearly, many programmes do not fully utilise information available as a proper management tool, combining financial and physical outputs, results and impacts.

3.13. In some cases, sophisticated project selection criteria have been developed to promote transparency for the selection process. Many mid term evaluations have questioned the effectiveness of such systems as having transparent scoring systems may not lead to the best results in terms of project selection.

3.14. Most mid term evaluations have been a useful tool and source of knowledge for decision-makers. In most cases, programme managers have implemented recommendations of the evaluations. An essential part of a successful evaluation has been the substantial input from the partnerships themselves to improve the delivery of the programmes.

3.15. The mid term evaluations have been used, in most case, to support a re-allocation of resource within the CSFs/SPDs. In almost all case, the Commission report shows that these financial re-allocations were made without affecting the strategic priorities of the programmes. In some case, new measures were introduced.

3.16. More generally, the Commission's report concludes that it has not always been easy to assess the extent to which EU wide priorities have been addressed. Generally, more emphasis has been given to employment, environment and sustainable development, and information technology, reflecting shifts over time.

3.17. In its conclusions, the Commission report stresses the need for monitoring procedures to address financial as well as programme results and impacts. This includes clear quantified targets and indicators for monitoring and evaluation, more appropriate project selection criteria, simplified management procedures and synergies between the difference funds.

4. Future Challenges

4.1. The Commission's report emphasises the need to build on the best practice which have been established by the mid term evaluations. These include the soundness of the evaluation, the involvement of the partnerships, the organisation of the evaluations and the feedback role in supporting programme decisions.

4.2. Good evaluations are an important tool for good management of the programme. This in turn depends on adequate structures for managing evaluation activities within the partnership, development of the monitoring systems, better integration between financial and physical indicators, adequate quantification of baselines, progress in the area of evaluation methodology through the MEANS programme, and dissemination of best practice. The Commission is proposing the publication of a guidance document on methodological issues, including an indicative list of indicators.

5. Recommendations

5.1. While the Committee of the Regions (COR) acknowledges the value of EU guidelines for the mid term evaluations, it is concerned that these should be available to programme managers early to inform the process more clearly.

5.2. The next programming period sees the introduction of a performance reserve and the COR wishes to stress the need for early, clear guidance on a core set of EU wide indicators, against which performance will be judged. Every effort should be made to make these available prior to the start of the programmes.

5.3. The COR expresses its concern that more clarity is needed in the design of evaluations to enable the production of comparable reports across the European Union as to the effectiveness of the Structural Funds.

5.4. The COR would welcome a more pro-active approach to the sharing of best practice among evaluation and programme executives to ensure that programmes are designed and delivered in such a manner as to facilitate evaluation to establish best practice.

5.5. The COR would also welcome the development of a set of core common indicators which focus on results and impacts rather than purely activities, commitment and spend to facilitate a comparison of performance across the Structural Funds. These indicators must cover not just GDP but also the wider economic, social and environmental impact of the Structural Funds, particularly in relation to the new Objective 1.

5.6. This would also enable a mid term evaluation at the mid term rather than during the fourth year of implementation, which has generally been the case during the current programming period. The COR believes that the impact of the mid term evaluations have been reduced because of the time lag between evaluations and the implementation of their respective recommendations.

5.7. The COR welcomes the statement that the mid term evaluation is a shared responsibility between the member states and the Commission. In the light of the recently agreed general regulations for the 2000-2006 programming period, it believes that this principle should be extended to include regional and local authorities.

5.8. The COR would also welcome the opportunity to work with the regional Policy Committee of the European Parliament to promote a culture of rigorous evaluations and monitoring by member states to assess the effectiveness and efficiency of the Structural Funds interventions.

5.9. While COR recognises the need for independent evaluators, the COR would be concerned if this became a formal requirement as surely the aim is to improve programme management and effective delivery. In cases, say, where technical knowledge and competence resides within higher education institutions, technology institutes, etc., such bodies should not be prohibited per se from carrying out evaluations during the programme period. Clear rules should be established so that selection of any evaluators is transparent and understood within the partnership.

5.10. The COR believes that better and more timely dissemination of best practice is a must for the next program-

ming period. The Means Programme provide a vehicle for this dissemination, including the development of tool kits and best practice handbooks. It is essential that such activities are addressed not just to evaluators but also the managing authorities.

5.11. While the COR welcomes the use of macro-economic modelling as an evaluation tool in the larger member states, it is essential that models which integrate the supply and demand side are used in the next generation of programmes.

Brussels, 13 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the '9th and 10th Annual Reports of the Structural Funds (1997 and 1998) ERDF — ESF — EAGGF — FIFG'

(2000/C 226/18)

THE COMMITTEE OF THE REGIONS,

having regard to the 9th annual report of the Structural Funds (1997) — ERDF — ESF — EAGGF — FIFG (COM(1998) 562 final);

having regard to the 10th annual report of the Structural Funds (1998) — ERDF — ESF — EAGGF — FIFG (COM(1999) 467 final);

having regard to the decision taken by its Bureau on 2 June 1999, under Article 265(5) of the Treaty establishing the European Community, to draw up an opinion on the subject and to direct Commission 1 for Regional Policy, Structural Funds, Economic and Social Cohesion and Cross-Border and Inter-Regional Cooperation to carry out the preparatory work;

having regard to the Draft Opinion adopted by Commission 1 on 2 February 2000 (CdR 220/99 rev. 3) (rapporteur: Mr Willy Burgeon, President of the Union of Municipalities and Local Authorities of Wallonia, B/PSE);

adopted the following opinion at its 33rd plenary session on 12 and 13 April 2000 (meeting of 13 April).

1. General background

1.1. This opinion has a dual purpose. First, it picks up the main themes in the annual reports, and, second, it analyses the situation in 1997 and 1998.

1.2. The COR will attempt to take an analytical approach, focusing as much as possible on Structural Fund strategies and their impact over time, and treating 1997 as a turning point between past and future reforms.

1.3. To this end, a brief recap of the political intent underlying the 1975 establishment of the Structural Funds and the various reforms applied in 1984, 1988 and 1993 is useful.

The beginning

1.4. The origin of the Funds lies in the Treaty of Rome and in its mission to promote 'overall harmonious development' of the economies of the Member States and reduce 'disparities between the levels of development of the various regions and the backwardness of the least favoured regions'.

1.5. The European Regional Development Fund (ERDF) was set up accordingly in 1975. At first it was used only to provide compensation for national regional policy measures, in line with national quotas fixed by the Council of Ministers ⁽¹⁾.

1.6. The 1972 (United Kingdom, Denmark and Ireland), 1981 (Greece) and 1986 (Spain and Portugal) enlargements led the European Community to look at the regional convergence issue more closely. This led on to the question of the balance between geographical regions with differing levels of industrial intensity (North-South, peripheral countries). The effects of German unification and the future eastward enlargement of the European Union were also considered in this context ⁽²⁾.

1.7. Article 130c of the Treaty of Maastricht states that the ERDF is 'intended to help redress the main regional imbalances in the Community through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions'.

⁽¹⁾ CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, p. 6.

⁽²⁾ CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, p. 7.

The 1984 reform

1.8. Two major changes were made in 1984, one technical and the other political:

- (1) flat-rate national quotas were replaced with indicative allocation bands for each country;
- (2) 20 % of ERDF funds were allocated directly to Community programmes set up by the European Commission ⁽¹⁾.

1.9. The European Council thus gave the European Commission a degree of financial autonomy. This change laid the foundations for the principle of partnership between the European Commission and the Member States.

The 1988 reform⁽²⁾

1.10. The 1988 reform equipped the Structural Funds with much more effective tools geared to furthering their goals:

- (1) Structural Fund spending doubled between 1987 and 1993, rising from 15 % of Community spending in 1988 to 31 % in 1993.
- (2) Essential changes were made to improve application of the Funds:
 - assistance was targeted at the poorest regions in the Community,
 - and focused on certain specific areas (infrastructure, development of SMEs, training);
 - more attention was given to the necessary planning and coordination of measures.
- (3) Priority objectives and the concept of eligible areas were established.
- (4) The concepts of horizontal and vertical partnerships and programming came into being.
- (5) The concept of additionality (financing provided by beneficiary States must not fall below the levels allocated before the Structural Fund contribution) was reaffirmed.

⁽¹⁾ CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, p. 8.

⁽²⁾ Points discussed in the CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, pp. 9-14.

1993 reform⁽³⁾

1.11. In addition to bolstering the main principles of the 1988 reform, the 1993 reform developed two of them further and brought in a new concept:

(1) Concentration

1.12. The principle concentrating funds in the poorest regions of the Union was upheld, while focusing aid on six priority objectives (1, 2, 3, 4, 5a and 5b).

(2) Partnership

1.13. Partnership remains the cornerstone of the Structural Fund management system. The reform strengthened vertical partnership by simplifying formal Commission approval procedures. The importance of horizontal partnership was also confirmed, as was the need to involve the social partners in the process.

(3) Evaluation⁽⁴⁾

1.14. In the Committee's view this aspect of the reform marked a major development. From this point on, the Structural Fund regulations included an obligation for Member States and the Commission to conduct systematic programme evaluations before, during and after implementation.

1.15. The European conference on evaluation (Berlin, 2-3 December 1996) thus specified three essential components of a good evaluation:

- evaluations must be carried out before, during and after the practical implementation of structural measures;
- evaluations must be based on the qualitative and quantitative information available to managers and also on interviews with the beneficiaries;
- evaluations must apply a number of techniques and methodologies whose conclusions can be recognised as valid by the experts.

⁽³⁾ Points discussed in the CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, pp. 14-19.

⁽⁴⁾ Points discussed in the CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, pp. 18-19.

2. Agenda 2000

2.1. Having briefly recapped the history of the Structural Funds, the Committee feels that activity in 1997 must be considered within the context of the future strategy provided by the new 2000-2006 reform.

2.2. The Agenda 2000 reform was published by the Commission on 16 July 1997. It had both an economic and a political context. In economic terms, the background was belt-tightening (resulting from the tough budgetary criteria imposed for economic and monetary union), while the political backdrop was enlargement of the European Union⁽¹⁾.

The new reform centred on four pillars⁽²⁾.

(1) *Continuing the Structural Funds and the Cohesion Fund*

2.3. The continuation of the Structural Funds is part of the ongoing drive towards regional convergence within the European Union. The continuation of the Cohesion Fund, meanwhile, fits into a rationale of promoting social cohesion and making it possible for the cohesion countries to carry out national programmes aimed at fulfilment of the convergence criteria for the third stage of economic and monetary union.

(2) *Increasing concentration*

2.4. This principle is still central to the workings of the Structural Funds. Structural measures must thus focus more closely on less-privileged communities, by targeting three main objectives:

- Objective 1: aimed at regions whose development is lagging behind; determined in accordance with per capita GDP;
- Objective 2: for the economic and social regeneration of regions with structural problems. This covers areas undergoing industrial conversion, urban areas and rural areas. The criteria used are broader than those used for the former Objective 2;
- Objective 3: totally redefined, now aimed at specific human resource development initiatives in all regions no longer qualifying for Objectives 1 and 2.

2.5. Again in the interests of simplification, the number of Community initiatives has been reduced to three:

(1) Points discussed in the CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, p. 20.
 (2) Points discussed in the CRISP weekly newsletter — 1998 No. 1605-1606: 'La réforme des fonds structurels européens' by Luc Vandendorpe, pp. 22-26.

- cross-border, transnational and interregional cooperation, aimed at promoting harmonious and balanced spatial planning;
- rural development;
- human resources, paying special attention to equal opportunities.

(3) *Developing partnership*

2.6. Structural Fund measures will be made more effective by means of a new approach to the partnership between the Commission and the Member States. Programme management will be decentralised to Member States and regions, while in return the Commission will demand a stricter selection process for defining upstream priorities.

(4) *Reinforcing evaluation systems*

2.7. Under Agenda 2000, the Commission has prepared proposals for framework regulations to govern the Structural and Cohesion Funds for the 2000-2006 period, with a view to shoring up monitoring and assessment systems and controls. The proposals include:

- a general regulation on the Structural Funds;
- specific regulations for each fund;
- a revision of the Cohesion Fund, and
- a regulation on a new pre-accession instrument.

3. The Structural Funds in 1997

3.0. The points discussed in this section are based on or taken from the European Commission's 9th Annual Report on the Structural Funds 1997 (ERDF — ESF — EAGGF — FIFG).

A. Overview

3.1. In 1997, during discussions on the future reform of the Structural Funds (2000-2006) and their global approach to economic and social cohesion policy, the proposal was made to reduce the number of objectives, simplify procedures, concentrate assistance and reduce the number of programmes implemented, particularly as regards the Community initiatives. A call was also made to monitor the impact of Community assistance, and to set objective criteria for measuring the effectiveness of expenditure.

3.2. It was also concluded that, in the interests of greater EU economic and social cohesion, the regions must diversify their economic base and develop their innovation capacity. The Structural Funds must give firmer support to the acquisition of knowledge and continuing training, and must stimulate employment and competitiveness in all possible ways.

3.3. The above thus contains references to such important concepts as diversification, innovation, employment and competitiveness.

3.4. Work conducted in 1997 highlighted six priorities for adjustment of the Funds up until the end of 1999:

1. basic infrastructure
2. the productive environment
3. RTD and the information society
4. the environment and sustainable development
5. human resources and education
6. equal opportunities for men and women.

3.5. These priorities are designed to encourage national and regional partners to ensure the quality and effectiveness of programmes.

3.6. In 1997, the Commission adopted 88 new programmes under the various objectives. Most, however, were Objective 2 programmes for the 1997-1999 period. This is a clear sign that safeguarding and promoting employment is an absolute priority for future work. In addition to the current approach, the Commission has restated its intention to use appropriate means, when the time comes, to summarise the content of the territorial employment pacts and thus draw conclusions for job creation.

3.7. Furthermore, 33 new Community initiative programmes were adopted. These included the final programmes provided for under the initial allocation, plus five technical assistance programmes, and the first programmes to be financed following the distribution of the reserve decided by the Commission in 1996. For the first time, it was possible to confirm that all the Community initiatives originally planned for the 1994-1999 period had actually been implemented, to varying degrees, in 1997.

3.8. The SEM 2000 initiative, designed to improve the management and control of the Structural Funds, will prove

essential in view of the ambitious goals the Commission has set itself. Three decisions were taken in this area in 1997, resulting in:

1. data sheets on eligibility of expenditure;
2. a regulation (EC 2064/97) setting out the rules the Member States must observe for financial control of operations part-financed by the Structural Funds;
3. internal Commission guidelines on the application of net financial corrections.

3.9. The thematic priorities for cohesion focus on five main areas:

- (1) On the challenge of the information society, the report rightly notes that the capacity of the regions to use the tools of the information society is an increasingly important factor determining their competitiveness on European and world markets.
- (2) Regarding the urban agenda, the central concern is to draw up a coordinated and coherent response to a growing number of urban problems. The urban dimension must be integrated more strategically into future Union policies. Cities are and will remain the motors of economic growth, competitiveness and employment.
- (3) There is a need for a new Community Initiative for rural development beyond 1999, to encourage private initiative while safeguarding specific regional identity.
- (4) Regional policy and competition policy. There are divergences between the territorial coverage of national regional aid and that of the regional objectives of the Structural Funds. The population in areas eligible under the funds is greater than that of areas eligible for assistance from the Member States.
- (5) Cohesion and competitiveness must be strengthened through research, technological development (RTD) and innovation. It is vitally important to direct these policies towards the productive fabric of the region.

3.10. From a more practical standpoint, 1997 saw the full implementation of programming. It marked the start of the second part of the current programming period and the third full year of the funds' work, with the exception of Spain for Objective 1 and Italy for Objective 2.

3.11. Special attention was given to the SME sector, which was earmarked 15 to 20 % of total fund resources. Several points are worth noting here. Firstly, since the funds concentrate financing on Objective 1 regions, larger sums have gone to SME development in those regions than in the other eligible areas. Secondly, SMEs are the companies most exposed to industrial change, while also being good generators of employment. Objective 4 thus potentially concerns all workers, and particularly those in danger of losing their jobs. This is therefore preventive action, within an economic fabric made up largely of SMEs. Once again innovation will inevitably play a driving role in SME development.

3.12. At the end of the 1994-1996 Objective 2 programming period, unused appropriations amounting to ECU 848 million were transferred to the 1997-1999 period. At the end of 1997, there were 1,026 programmes including 580 under the various objectives and 446 under the various Community initiatives. 1997 was also a year of intense financial activity, as much work was done to clear the backlog in payments of appropriations.

The following was committed:

- 62 % of Community contributions for the 1994-1999 period (46 % paid);
- 100 % of national programmes for all objectives in 1997 (for the first time in the 1994-1999 period), with the exception of Objective 5a (36 % of commitments for the 'fisheries' strand).

The following was paid out:

- 100 % of the appropriations available for all objectives at the end of 1997 (a clear improvement on 1996 when only two objectives were fully paid out);
- by the end of 1997, a cumulative total of 46 % of assistance for the period.

3.13. For the Community initiatives, 56 % of total assistance for 1994-1999 was committed and 31 % paid out. In 1997, only 61 % of available commitments and 90 % (as opposed to 80 % in 1996) of available appropriations were actually used. Following delays on certain Community initiatives, plans are afoot with the Member States to reprogramme financial resources and reallocate them among the initiatives.

3.14. More than ECU 1 billion, i.e. 5 % of payments made over the year, corresponded to pre-1994 commitments, 40 % of which went to projects in Italy.

3.15. Each of the Structural Funds may finance innovative measures and technical assistance, i.e. for studies, pilot measures or technical assistance. In 1997, 49 new pilot projects and innovative measures were set up, costing a total of ECU 100 million, under Article 10 of the ERDF. They fell into three categories: urban pilot projects, spatial planning pilot measures and TERRA interregional cooperation projects in specific areas of spatial planning.

3.16. A further 200 innovative projects financed by the ERDF were implemented in the following areas: new sources of employment, culture and heritage, regional innovation strategies (RIS), technology transfer (RTT), information society (RIS) and external (ECOS-Ouverture) and internal (Recite II) interregional cooperation.

3.17. SME support provides the main theme of the Structural Fund report for 1997. SMEs employ 66 % of the private sector work force and generate 60 % of the turnover of EU companies. Their growth is therefore a key factor in boosting employment and reaching a higher level of economic and social cohesion in the Union.

3.18. For the current programming period (1994-1999), 15-20 % of Structural Fund resources are specifically devoted to SME support, totalling between 23 and 30 billion ecus. This financing is divided among a broad range of measures. The most important include:

- aid for capital investment through direct grants or financial engineering measures (venture capital funds);
- part-financing of business start-up areas;
- training (Objective 4 and the 'Adapt' Community Initiative);
- advice and information services;
- measures to promote research and technological development and integration into the information society;
- assistance for internationalisation.

3.19. Information on programme implementation in the Member States is provided in Annex I (Inforegio — Summary of the annual report / 17.12.1998 'L'action des Fonds structurels en 1997').

B. *Evaluation and analysis of the impact of the Structural Funds*

3.20. The Committee notes that there were two clearly defined objectives:

- (1) promoting the efficient use of the funds
- (2) preparing future programming of structural assistance.

3.21. While the second should flow from the pooling of ideas, the first, relating to the efficient use of funds, is relevant here.

3.22. The European Union's structural policy is often viewed as an important source of innovation in political and administrative procedures. The analysis of regional disparities, meanwhile, should enable major progress on theory.

3.23. There has therefore been a shift in focus from regional growth to a mechanism to redistribute income between regions and thus reduce regional disparities. A European regional analysis is therefore based on the close interconnection of positive and normative objectives (e.g. per capita GDP and unemployment rates). Furthermore, while the Structural Funds are certainly a very important factor in furthering interregional balance in the European Union, direct investment, business initiative, technological development and scientific research remain the vital means of helping the less prosperous Member States catch up.

4. **The Structural Funds in 1998**

4.0. The points discussed in this section are based on or taken from the European Commission's 10th Annual Report on the Structural Funds 1998 (ERDF — ESF — EAGGF — FIFG). Certain particularly significant passages from the 1998 report are quoted in their entirety.

A. *Overview*

4.1. The 1998 annual report's main theme is local development activities. Local development is a concept that has been evolving for a number of years, and all tiers of authority are becoming increasingly aware of its obvious benefits.

4.2. Alongside this principal theme, the 1998 report highlights four major aspects of Structural Fund activity in 1998 in the area of economic and social cohesion:

(1) *Adoption of the remaining programmes*

The report states that as the penultimate year of the current programming period, 1998 saw a consolidation of programming including adoption of the last few programmes still to be approved.

(2) *Acceleration of financial execution*

As with 1997, the Commission report notes that 1998 saw steps to clear the backlogs which had occurred at the beginning of the programming period.

(3) *Increased attention to priority themes*

The priority task of safeguarding and promoting employment continued to require sustained support. Therefore, the Commission devoted special efforts in 1998, as it had the year before, to giving new impetus to a number of its activities and priorities. It is important to note that the report states that Structural Fund operations will gradually take account of the national action plans for employment, creating an overall frame of reference for activities to promote human resources.

Furthermore, with a view to gauging the true effectiveness and impact of the Structural Funds in the beneficiary regions, a series of mid-term evaluations was conducted during 1998 under Objectives 1 and 6.

Other thematic priorities were also studied more closely during the year:

- Structural Fund assistance in the field of RTD and innovation;
- consistency between cohesion policy and competition policy;
- synergy between cohesion policy and transport;
- sustainable urban development;
- Europe-wide spatial planning through the ESDP.

(4) Preparations for the 2000-2006 programming period

Following the adoption of Agenda 2000 in July 1997, concrete preparation for the 2000-2006 period began in 1998. Proposals for regulations to govern the Structural Funds in the coming period were adopted by the Commission on 18 March 1998.

The 1998 report reiterates the principles set out in Agenda 2000, which are enshrined in the General Regulation on the Structural Funds:

- reduction of the priority objectives to three;
- concentration of assistance on a smaller population and concurrent adoption of transitional support for regions which cease to be eligible;
- reduction of the Community Initiatives to three (later widened again to four), each financed by only one Fund (ERDF, ESF or EAGGF);
- simplification of programming and of the implementation of assistance;
- clarification of responsibilities for monitoring and evaluation;
- simplification of financial management by introducing a system of automatic annual commitments, with payments being used to refund proven expenditure;
- reinforcement of financial monitoring and the introduction of a performance reserve.

B. Preparation of the preliminary draft guidelines for the Funds for 2000-2006

4.3. The Committee notes that the 6th periodic report on the economic and social situation and development of the regions formed, in the words of the annual report, 'a basis for preparation of the preliminary draft guidelines for the Funds for 2000-2006'.

4.4. This work demonstrated that the poorest regions were catching up with the rest of the Union at an astonishing rate, largely thanks to growing economic integration. Nevertheless, the report stresses that the Structural Funds too have played an important part. The report states that the macro-economic models used show that about one third of the convergence observed would not have been achieved without them.

4.5. Much remains to be done, however, particularly on the employment front. The annual report states that despite the economic upturn, unemployment in the Union as a whole

stood at around 10 % at the end of 1998. Furthermore, it was very unevenly spread over the regions, ranging from 3 % or 4 % in some to 20 % to 24 % in others.

4.6. The issue of jobs obviously relates directly to unemployment. It is worth noting that a high rate of regional unemployment leads to social exclusion, which makes unemployment more resistant to an economic upturn. To remedy this situation, an integrated strategy is needed combining measures to strengthen the economic base of the regions with measures to improve access to the labour market (mainly through training).

4.7. Disparities in basic infrastructure and human resources are tending to lessen, and there has also been progress in innovation and in improving the efficiency of the administrative system.

4.8. The situation in the central and eastern European countries (CEEC) has changed quickly since 1993 or 1994. Most of the CEEC have finally begun to enjoy growth. However, low production and inadequate productivity represent a considerable challenge for them, and the quality of their infrastructure is in general well below that in the Union.

4.9. In this context, the Commission rightly notes that the Structural Funds will have a major role to play in tackling these problems after enlargement. However, the report also points out that considerable efforts will be required to install the structures required for management of the Funds before the CEEC are ready to take part in the Union's structural policy.

4.10. Since the Member States were to begin preparing the next generation of programmes during 1999, the Commission considered it useful to draw up some preliminary draft guidelines in 1998, the aim being to help the national and regional authorities to prepare their programming strategies for Objectives 1, 2 and 3 and their links with the Cohesion Fund.

4.11. The indicative guidelines are listed below, grouped under three main headings:

(1) Improving regional competitiveness

The measures quoted in the 1998 report are: developing infrastructure for transport, energy, the information society, research and the environment; stimulating the development of integrated strategies for RTD and innovation at regional level; supporting the activity of firms, particularly small firms, by supporting innovation and research, industrial cooperation and networking, the development of human resources, risk capital and services to help firms.

(2) Promoting employment — the Community's top priority

The plan mainly involves the new Objective 3 (labour market measures, combating exclusion, development of appropriate training, introduction of positive measures for women), but also the new Objectives 1 and 2, with a common reference framework for human resources.

(3) Integrating urban and rural development in a balanced framework for the spatial development of the Union

C. *Interim evaluations*

4.12. In the following points, the Committee aims to outline the main findings of the interim evaluations. The report explains that these 'seek to gauge the degree to which programme implementation matches up to the original goals and, where appropriate, to propose adjustments in line with the degree of effectiveness achieved'.

4.13. 1998 saw the finalisation of four thematic evaluations launched in 1997 (on SMEs, R&TD, environment, and equal opportunities within the ESF) and of the evaluation of one horizontal topic (partnership). The main findings are outlined below:

(1) SME evaluation

In the 1994-99 programming period, the SME sector will have benefited directly from approximately EUR 21 billion spent under Objectives 1, 2, 5(b) and 6. The evaluation concludes that Structural Fund support has had a beneficial impact on SMEs.

According to the report, case-study evidence points to the value of financial engineering measures as a successful and sustainable form of assistance, although the introduction of such schemes will be a longer term prospect in some regions where the financial services sector is currently weak.

The evaluation identifies a need for improved targeting of assistance, while also highlighting the value of vertical and horizontal networks of SMEs, and the gains to be had from involving private-sector partners in programme administration. The Committee would underscore the point made in the report that whilst in general a more commercial approach to SME assistance is recommended, this must be sensitive to particular regional or sub-regional circumstances.

(2) Research, Technological Development and Innovation

The evaluation conclusions highlight the need for upgrading of existing R&TD capacities, better targeting of measures and more transparent selection criteria and the need to foster a climate of more systematic evaluation of results and impact.

More generally, the evaluations provide arguments for a clearer shift towards measures focusing on innovation, the quality of human resources and networking of players, in particular SMEs, at transregional and transnational level.

(3) Environment

The report states that the study assessed both the environmental impact of Structural Funds programmes and the extent to which these programmes are contributing towards sustainable development.

The evaluation concluded that the ex ante study of future programmes should include an analysis of regional strengths, weaknesses, opportunities and threats, addressing both environmental and economic issues.

(4) Equal opportunities in ESF operations

As compared with the previous period, gender breakdown has improved in both background data and data on programming and implementation, although there are naturally variations from one Member State, and particularly from one Objective, to another.

Secondly, there is a general tendency for women to be under-represented in ESF measures.

Lastly, the catalysing effect of Community assistance is a constant feature carried over from the preceding period.

(5) Partnership

The Committee notes that partnership has also made a major contribution to the management and implementation phase by bringing greater transparency, heightening the visibility of measures, improving organisational coordination and providing a degree of innovation and flexibility.

However, its role should be strengthened with regard to the transfer of good practice, monitoring and evaluation systems and efficiency of programme management.

Lastly, the report notes that a variety of forms and structures of partnership can complicate management, but that this problem could be overcome by introducing a single partnership structure for each programme and distinguishing between the roles of the various partners and their capacity to influence decisions during each programming phase.

D. Financial control — ESF, ERDF, EAGGF — Guidance

4.14. The main findings of the ESF visits were:

- failure to comply with the regulatory requirements on publicising measures;
- too few — or no — inspections of part-financed measures;
- lack of transparency in programme selection criteria;
- failure to comply with the deadlines laid down for transferring advances and payments to beneficiaries.

4.15. The points most frequently noted on the ERDF visits were:

- difficulties in identifying declared expenditure in the accounting systems for final beneficiaries;
- failure to comply with the Community Directives on public procurement;
- audit trail deficiencies which made it difficult to monitor financial flows between the Community budget and final beneficiaries.

4.16. The EAGGF-Guidance Section visits detected:

- deficiencies in the management and inspection system;
- part-financing of ineligible expenditure;
- unlawful deductions;
- administrative errors resulting from overestimation of expenditure declared to the Commission.

E. Dialogue with the Committee of the Regions

4.17. With regard to the future of the Structural Funds, the report notes that COR opinions stress the importance of economic and social cohesion as a pillar of integration and solidarity in Europe.

4.18. The report states that the Committee has expressed its support for the Commission's strategic guidelines for regions whose development is lagging behind, and that it welcomed with interest the integrated approach proposed for the new Objective 2, notwithstanding some doubts about the eligibility criteria.

4.19. The annual report also mentions that the COR has asked for the partnership to be strengthened to help regional and local authorities.

4.20. On the other hand, the report states that while the COR welcomed the Commission's communication on urban issues, it also invited the Commission to draw up an urban policy that would complement those of the Member States.

4.21. Lastly, turning to agricultural matters, the report mentions the Committee's opinion on the proposed regulation on support for rural development through the EAGGF. This opinion, which was adopted on 14 January 1999, stressed the importance of the targets set in the proposal and supported its principles. However, it had doubts about whether the goals of rural development policy as defined at the Cork Conference could be achieved and drew attention to the inadequate finance available, the failure to define the criteria for economic viability, the inadequate account taken of the integrated approach and the lack of detail on the role of the regional and local authorities in the partnership.

5. Conclusion

5.1. One major feature of 1997 and 1998 was the clearing of the backlog which had arisen at the beginning of the period in implementing appropriations. Overall, programme implementation now appears satisfactory.

5.2. It should be noted, for both years, that the Union's least prosperous Member States — the funds' main beneficiaries — generally registered the best implementation rates, in particular under Objective 1: Spain, Portugal and Ireland.

5.3. The implementation situation for Community initiatives (CI) is quite different as there are a number of delays. These are often the result either of the late approval of programmes (many of which were adopted in 1996 and 1997 following the allocation of the reserve), or of the specific nature of certain CIs, for instance the partnership in Urban and Interreg II, or the highly specialised and innovative measures under the SMEs Community Initiative.

5.4. Structural Fund action therefore fits into a framework of diversification, innovation, employment and competitiveness. With safeguarding and creating jobs the absolute priority, partnership between the regions, cities and municipalities must be part of a local economy which spawns sustainable local employment, and preferably generates value added.

5.5. In its discussion of the 1997 report, the Committee of the Regions felt that it would be useful to illustrate Structural Fund action for SMEs. The financing is divided among a vast range of measures directly targeting SMEs. The most important include:

- aid for capital investment through direct grants or financial engineering measures;
- part-financing of business start-up areas;
- training, including management training;
- advice and information services;
- measures to promote RTD;
- measures relating to the information society;
- assistance for internationalisation through innovative measures, such as Europartenariat and Recite II, which are intended to promote transnational commercial cooperation among small firms or the SMEs Community Initiative.

5.6. SMEs are gradually emerging as a structural policy priority, and this is reflected in the greater financial resources provided by the most recent programming documents.

5.7. The 1998 report focuses almost entirely on awareness and strengthening of the concept of local development. Over recent years this concept has become a fully-fledged political philosophy. Although local development is not a priority as such at Community level, many recent decisions have taken greater account of the territorial dimension of structural policies.

5.8. The Committee would stress the abiding importance given to local development in the various strands of the Structural Funds, and welcomes the fact that this seems to be the chosen direction for the coming years. The Committee notes that although it is difficult to quantify the proportion of local development schemes across all programmes, taking all types of operation together it is estimated that in the current programming period they account for about 10 % of overall assistance from the Funds. Furthermore, it is estimated that local development accounts for about 15 % of Community finance in areas eligible under Objective 2. The Committee would stress that these measures are found under all the objectives, as listed in the annual report:

- small-scale infrastructure, and infrastructure to support small businesses;
- assistance for creating and safeguarding small firms that are an integral part of the local economic fabric;
- promoting research and innovation within small businesses, and networking between small firms;
- targeted training schemes for both managers and employees of businesses;
- developing tourism resources using local potential;
- local development of agricultural and fishery resources;

5.9. Alongside the main theme of local development, the past year's Structural Funds activities in support of economic and social cohesion can be summarised under four broad headings:

- Adoption of the remaining programmes
- Acceleration of financial execution
- Increased attention to priority themes
- Preparations for the 2000-2006 programming period

5.10. The Committee is pleased to note that greater efficiency in the way the Funds are used will be sought, principally by encouraging wider use of instruments based on financial levers (guarantees, capital holdings and repayable grants), with variations in the maximum rates of assistance. This will help increase the impact of the Structural Funds on economic and social structures and make the Union's regions and firms, particularly small firms, more competitive.

5.11. The Committee would also highlight the 1998 report's attention to the fact that unemployment in the Union as a whole stood at around 10 % at the end of 1998, despite the economic upturn. Furthermore, it was very unevenly spread over the regions. It is therefore important to be aware that a high rate of regional unemployment leads to social exclusion, which makes unemployment more resistant to an improvement in the economy. A solution to this situation requires an integrated strategy combining measures to improve the regional economic base with measures to improve access to the labour market.

5.12. The Committee highlights the Commission's comments on the interim evaluations conducted during 1998. The annual report makes five major points:

- regarding SMEs, the evaluation identified a need for improved targeting of assistance, particularly through the

creation of specialised intermediaries, preferably organised on a decentralised 'one-stop shop' basis;

- on the subject of RTD, the evaluations favoured a clearer shift towards measures focusing on innovation, quality of human resources, and networking of players, in particular SMEs, at transregional and transnational level;
- as regards the environment, the ex ante evaluation of future programmes should include an analysis of regional strengths, weaknesses, opportunities and threats, addressing both environmental and economic issues;
- attention must be drawn to the general tendency for women to be under-represented in ESF measures;
- the role of partnership should be strengthened with regard to the transfer of good practice, monitoring and evaluation systems and efficiency of programme management. Fur-

thermore, it should be noted that a variety of forms and structures of partnership could complicate management.

5.13. The Committee of the Regions would also like to make the following points:

- it hopes to see a strengthening of partnerships with local authorities;
- it calls for the development of an urban policy to complement the policies conducted by the Member States;
- it is doubtful as to the chances of reaching the rural development objectives defined at the Cork conference, owing in particular to insufficient financial resources, the failure to define criteria for economic viability, inadequate attention to the integrated approach and a lack of detail regarding the role of local and regional authorities in the partnership.

5.14. Finally, the Committee would end its opinion by reiterating its strong support for all measures that confirm the need to further local development.

Brussels, 13 April 2000.

*The President
of the Committee of the Regions*
Jos CHABERT

Opinion of the Committee of the Regions on the 'Role of the local and regional authorities in the reform of European public health systems'

(2000/C 226/19)

THE COMMITTEE OF THE REGIONS,

having regard to the decision of the Bureau of 15 September 1999 to draw up, in accordance with the fifth paragraph of Article 265 of the Treaty establishing the European Community, an Opinion on the Role of the local and regional authorities in the reform of European public health systems and to instruct Commission 5 for Social Policy, Public Health, Consumer Protection, Research and Tourism to prepare the Committee's work on the subject;

having regard to the draft opinion (CdR 416/99 rev. 2) adopted by Commission 5 on 6 March 2000 (rapporteur: Mr Tilman Tögel (D/PSE));

adopted the following opinion at its 33rd plenary session held on 12 and 13 April 2000 (meeting of 13 April).

The Committee of the Regions would like to make the following comments about the further development of European public health policy:

1. The health care field includes tasks performed by the local and regional authorities which are important to the public and have a major financial impact in the light of European integration. In view of the strong cultural influences on health care, European involvement must be kept to a bare minimum.

2. Systems (by means of which the spread of infectious diseases can be averted, foodstuff supervision can be made more efficient and environmental effects hazardous to health can be prevented) could be studied and settled at the EU-level. The role of the EU is essential in such duties.

3. Member States carry out their health and medical care according to national organisational and financial solutions. They are the results of a long historical and cultural development. The harmonisation of these solutions would not be reasonable nor justifiable.

4. Discussions on cross-border aspects of health should be encouraged. Discussion matters could for instance focus on financing health-costs relating to cross-border activities.

5. The policy and decision-making powers of the local authorities must not only be taken into consideration but also strengthened in line with needs, and developed.

The Committee of the Regions makes the following recommendations to the Commission, the Council and the European Parliament:

6. As an initial step, the necessary basis for cooperation should be established by means of greater transparency, the targeted development of methods and the exchange of experience.

7. In developing European public health policy as defined in the treaty of Amsterdam, the European Union's bodies, in collaboration with the Member States should:

— provide a further stimulus to solving local and regional problems, especially those arising in border areas, by working together with local and regional authorities via practical initiatives and targeted development projects;

— look at the individual areas and issues, responsibility for which is dispersed across the whole range of European bodies, as a whole and to coordinate this approach via the European Commission;

— encourage regional players to become actively involved, within the range of opportunities offered by both nationally managed health care systems and health systems of the self-managing kind existing in some Member States in the fields of public health. This applies particularly where public health and health care functions are assigned to different bodies and levels. Being close to the 'grass roots' the local authorities have an important role to play. Their social service departments are responsible for identifying problems, taking preventive action and offering assistance, particularly to sections of the population which are at risk or experiencing difficulties;

— extend health monitoring and public health reporting in Europe systematically to all matters relevant to public health so as to establish a reliable data framework in parallel with practical comparative studies of structure.

8. The Committee of the Regions calls for the necessary transparency and debate on health matters. Issues for dis-

cussion include, for example, Community and especially cross-border quality assurance and planning.

9. The COR also believes that, in the future, when decisions are taken affecting the public health and health care responsibilities of local and regional authorities, particular attention should be paid to the views of the COR.

Brussels, 13 April 2000.

The President
of the Committee of the Regions
Jos CHABERT
