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(Resolutions, recommendations and opinions)

OPINIONS

COMMITTEE OF THE REGIONS

134TH COR PLENARY SESSION, 10.4.2019-11.4.2019

Opinion of the European Committee of the Regions — The European semester and cohesion policy: aligning structural reforms with long-term investments

(2019/C 275/01)

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POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Introduction

1. The European semester is the main tool at EU level for coordinating the Member States’ (socio-)economic and budgetary policies, with the Member States expected to keep their budgetary and economic policies in line with the EU country-specific recommendations (CSRs). The Europe 2020 strategy acts as a policy framework for these recommendations. Through the recommendations, the European Commission aims to encourage the Member States to implement structural reforms to strengthen their economies, boost employment and social inclusion and improve the investment climate.

2. Based on these recommendations, the Member States develop their own national investment strategies. Together with the annual national reform programmes (NRPs), these strategies will be presented as the basis for priority investment projects that should be supported using national and EU funding. The European semester therefore influences policymaking by public authorities at EU, national, regional and local level throughout the year.

3. During the current programming period (2014-2020), the EU tightened coordination between the European semester and the cohesion programmes in the Member States and regions. A recent study carried out by the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) shows that the current European Structural and Investment Funds (ESIF) are relevant for around 60% of the country-specific recommendations.

4. For the next programming period (2021-2027), the Commission envisages more binding coordination between the country-specific recommendations and the cohesion programmes, with the aim of boosting the effectiveness of action financed under cohesion policy and producing more sustainable results. In order to achieve this, the 2019 European semester will put more focus on assessing investment needs, in order to guide programming decisions for 2021-2027. The analysis in the 2019 country reports will look at the investment needs in each country, including the sectoral and regional dimensions, where relevant. On the basis of this analysis, a new annex to the country report will indicate which investment needs are relevant for cohesion policy in 2021-2027.

5. For the new cohesion programmes, the Commission proposes, in the draft Common Provisions Regulation, taking account of country-specific recommendations on at least two occasions: when programming begins and during the mid-term review. This review is due to take place in 2025.

6. The Commission will specifically take into account the country-specific recommendations both when adopting the partnership agreement and in the ESIF programmes.
7. Regrets that the Commission has not yet, ahead of the presentation of its proposals for the regulations applicable to the new EU funding programmes as of 2021 and of the new governance cycle starting after the European elections of May 2019, issued a proposal for a successor to the Europe 2020 strategy, despite repeated requests from the Committee and Parliament and criticism from the European Court of Auditors. Welcomes however the publication of the European Commission’s Reflection Paper on ‘Towards a Sustainable Europe by 2030’ on 30 January 2019, to which the CoR will dedicate separate opinions on the governance-related aspects and on the implementation of the environment and climate-oriented objectives. Indeed, if Europe wants to succeed in the paradigm shift to become sustainable by 2030, the full involvement of local and regional governments is needed as they carry the responsibility for the attainment of 65% of the SDGs targets.

The Committee on the European semester in connection with cohesion policy

8. The Committee of the Regions refers to the opinions and resolutions it published in 2017 and 2018 on the European semester and the role that local and regional authorities play within it, the link to cohesion policy, and the application of the principles of subsidiarity, partnership and multilevel governance.

9. The Committee supports the EU’s commitment to reforms in the Member States to foster competitiveness and growth, to strengthen economic, social and territorial cohesion and economic convergence, and to increase resilience to external shocks in order to improve the stability of the euro area (1).

10. With a view to those reforms, the Committee calls for a new strategic framework following on from the Europe 2020 strategy. This new strategy would also present a good opportunity to reform European semester governance, given that, with a few notable exceptions, local and regional authorities generally have little or no involvement in drafting NRPs (2). This undermines the democratic credentials of the European semester and its territorial legitimacy.

11. The Committee points out that up to now too little has been done to engage local and regional authorities in the process of creating new strategic frameworks or drawing up the NRP. This problem could be solved, for example, using expertise from the Network of Regional Hubs, which is working, under the coordination of the Committee of the Regions, to gather feedback on the implementation of EU policy from 20 regions in 2019-2020.

12. With regard to the European semester, the Committee draws attention to the lack of ownership and administrative capacity at all levels of government — two elements that are necessary for successful implementation of the country-specific recommendations. The European semester process is not helped in this respect by the lack of a clear definition of what ‘structural reforms’ actually are. In line with the subsidiarity and proportionality principles, only structural reforms that are relevant for implementation of the Treaty objectives should be eligible, and the action must be in keeping with what is necessary to achieve that objective and relate directly to EU competences (3).

13. In the Committee’s view, ownership of the CSRs can be strengthened by increasing the involvement of local and regional authorities, in order to give the European semester a territorial dimension both at analytical level (by expanding the Annual Growth Survey, the NRPs and the CSRs to include analyses of territorial trends and the territorial impact of EU policy) and at operational level (by ensuring that local and regional authorities are more extensively and systematically involved, based on partnerships and multilevel governance) (4).

14. As regards coordination between the European semester, the CSRs and cohesion policy, the Committee argues that cohesion policy is in principle a standalone policy and that its objectives (economic, social and territorial cohesion) must be maintained at all times. This means paying attention to the degree of relevance between the CSRs and the cohesion programmes and the importance of cooperation between national, regional and local authorities in terms of both the NRPs and the cohesion programmes (5).

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The position of local and regional authorities in the European semester and cohesion policy

15. The Committee notes that, despite the link between the European semester and the current cohesion programmes, there is still no mechanism at EU level for involving local and regional authorities in a structured way in the development of NRPs and investment strategies. A European Code of Conduct on Partnership has, however, been established for the preparation, implementation and evaluation of ESIF programmes and partnership agreements. Under this code of conduct, local and regional authorities are direct partners of the Commission and the Member States in the shared management of cohesion policy.

16. The Committee stresses that the recommendations issued in connection with the European semester primarily relate to policy areas where the EU and the Member States have shared competence, and the EU can only take action to support them.

17. The Committee stresses that the structured involvement of local and regional authorities needs to become a permanent fixture in the European semester. It finds it regrettable that the Annual Growth Survey refers to the involvement of the social partners and national parliaments but not to that of local and regional authorities, as was the case in 2018.

18. The Committee notes that this is contrary to the principles of subsidiarity (Article 5(3) TEU and Protocol No 2), multi-level governance and partnership (see Article 6 on Partnership and multi-level governance of the draft proposal for a regulation laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument COM(2018) 375), as the CSRs, via cohesion policy, directly influence policymaking at local and regional level and thus impose obligations on that level of government in those policy areas where it has legislative powers. This also runs counter to the principles in the Council of Europe's European Charter of Local Self-Government.

19. The Committee would refer in this connection to the Commission communication of 23 October 2018 on subsidiarity (6), which acknowledges, among other things, that local and regional authorities are different to other stakeholders because they are at the forefront of implementing Union law and that ‘there is scope in many cases for the views of national and regional Parliaments and those of local and regional authorities to be reflected better […] during the legislative procedure’.

20. The Committee would also refer to the fourth recommendation of the Commission’s Task Force on Subsidiarity, Proportionality and ‘Doing Less More Efficiently’, which states that ‘Member States should follow the European Commission’s guidance and engage meaningfully with local and regional authorities when preparing their national reform programmes and designing and implementing structural reforms as part of the European semester to improve ownership and implementation of these reforms’ (7).

21. The Committee therefore stresses that the best way of avoiding infringements of the subsidiarity principle and ensuring that the policy is effectively coordinated is to get local and regional authorities fully involved in the European semester in a structured way, in line with the principles of partnership and multilevel governance. In that context, it is worrying that the Council negotiations on the Common Provisions Regulation raised the possibility of relaxing those two principles, given that this could undermine effective coordination between the European semester and cohesion policy.

Towards country-specific recommendations and new cohesion programmes 2021-2027

22. In response to the Romanian Presidency's request that the Committee produce an opinion on how much flexibility the regions have within the link between the cohesion programmes and the country-specific recommendations and how the regions can be given a greater role in the European semester, the Committee would note the following:

23. The Committee welcomes the fact that the Annual Growth Survey (AGS) 2019 addresses the regional dimension of European investment policy, but notes that it does so to only a limited extent.

24. The Committee notes that the 2019 country reports include for the first time an assessment of regional disparities as well as the ‘Investment guidance on cohesion policy funding 2021-2027’ (Annex D) for each Member State which launches the dialogue between the Commission and the Member States on the programming of cohesion policy in 2021-2027.

25. The Committee welcomes the statement in the AGS 2019 that 'Europe needs to take a long-term view'. It stresses that a set of shared long-term objectives makes it easier to find the necessary trade-offs between the objectives of sustainable growth, cohesion, social inclusion, resilience and macroeconomic stability that will enable the Member States to achieve a practicable and socially accepted mix of investment and structural reform.

26. The European Commission and the Member States should therefore ensure that all levels of government are involved in preparing the country reports and the country-specific recommendations in particular by identifying what mix of investments and reform is best suited to their countries and regions, and designing the relevant policy bearing in mind national reports.

27. In this context, the Committee reiterates its position in favour of establishing a Code of Conduct for the involvement of local and regional authorities in improving the governance of the European semester (8). It is important for local and regional authorities to be given a formal place in the European semester process, so that the country-specific recommendations can — where relevant — be translated, by means of dialogue and horizontal coordination, into investment in the new cohesion programmes.

28. Stresses that the programming process for the new cohesion programmes has already started with the Country Reports published on 27 February 2019 (9) and paving the way to the CSR and NRPs, and that it is therefore a matter of some urgency to ensure that local and regional authorities have a formal position in the policy process within the European semester. This problem could potentially be addressed by expanding the current Code of Conduct on Partnership to include the European semester policy process.

29. With a view to enhancing the role of local and regional authorities in the European semester, the Committee supports initiatives to gather and exchange good examples of local and regional authority involvement in NRPs and investment strategies.

30. The lack of formal involvement of local and regional authorities in the European semester policy process is liable to result in a top-down approach to programming the new cohesion programmes, which would place undesirable restrictions on freedom of choice at local and regional level and undermine flexibility. This could exacerbate the lack of ownership of the CSRs and thwart successful implementation of the new cohesion programmes, which is at odds with the Commission's intention of making cohesion policy more results-oriented and increasing the policy's added value for the EU and its Member States.

Brussels, 10 April 2019.

The President
of the European Committee of the Regions
Karl-Heinz LAMBERTZ

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Opinion of the European Committee of the Regions — Implementation of the EU Forest Strategy

(2019/C 275/02)

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes, and recognises the need for, the European Commission’s report on the implementation of the Forest Strategy, which was published on 7 December 2018. The report leads the Committee to believe that the Forest Strategy has been a useful tool for coordinating various policies. The choice of the strategy's priority areas has proven successful and, on the whole, progress has been made towards meeting objectives. However, even more can be achieved by continuing to take consistent action in Member States, at regional and local level as well as in external relations;

2. further to its previous opinion (1), which in many respects is in line with the Commission's own assessments, the Committee encourages the Commission to further develop the consistency of forest-related policy areas and measures so that better account can be taken of forests' entire value chain, biodiversity and multiple functions. It is important for the Standing Forestry Committee to be involved in preparing forest-related policies, including those that are indirectly related;

3. calls on the Commission to examine whether the current management of forest issues and the approach to such issues, as well as resources in the EU, are adequate and up-to-date; the degree of actual impact of these resources on the value chain should also be examined. This is due to the growing importance of forests both in the context of global sustainable policies and for Member States and their regions;

4. believes that the Commission should put forward a new, updated forest strategy for the period after 2020 with an even stronger guiding role, which envisages cultivated forests as a distinct category and views as strategic the need to reforest areas at risk of desertification, in view of the clear environmental role assigned to the forest sector. This may require, amongst other things, a reassessment of the way in which the budget is allocated and its effects;

5. calls on the Commission to ensure that Member States, regions and forestry experts, research institutes and organisations are sufficiently represented in the process of preparing the abovementioned strategy, in order to achieve the desired outcomes and to make that process inclusive;

6. with a view to assessing the Forest Strategy’s implementation, the Committee sets out the following views on those priorities in the Commission’s report which particularly concern the CoR’s mandate:

7. Finance and administration

7.1. Local and regional authorities must be closely involved in the design and implementation of forest sector measures led and funded by the EU. Forest owners and those responsible for forest management and administration, including municipalities and regional governments, have a key part to play in strengthening the sustainable use of forests and their unequivocal commitment to the rural population and economy.

7.2. Local and regional authorities can play a role in boosting the consistency and effectiveness of forest sector measures and act as a link, in a context where private forest ownership is being abandoned and becoming fragmented and compartmentalised in many Member States as a result of structural changes in societies. Potential measures that local and regional authorities could consider include promoting common forms such as forestry clusters and associations and developing the role of the proactive forester. Local and regional authorities must therefore support cooperation in the forest sector; there should be public support for feasibility studies, regional events and promotional activities with a view to developing the many ecosystem goods and services provided by this sector.

7.3. The forest sector needs adequate financing through the CAP, especially rural development funding, as these funds have been used by many regional and local actors to strengthen forestry in their regions and boost sustainable use. As the CAP becomes more flexible at national level, the forest sector may play an even bigger role in rural development measures in many regions; on the other hand, its role may decline. This is important for rural employment, regional economies and sustainable development. It is therefore a key moment for ensuring adequate financing of forestry measures as part of rural development funding in the CAP. In order for national CAP programmes to have a climate and environmental impact, there needs to be a contribution from regional and local authorities and cooperation between different levels of governance. Funding options for the forestry sector should also be publicised at every level of government so that they can be used fully and appropriately.

7.4. The CoR points out that many European Member States have a very poor forest road network and in this regard emphasises the need to finance a European study about the evaluation of forest road network.

7.5. The forest sector also offers considerable potential to make use of funds under the EU’s research and innovation programmes, in addition to earlier tools relating mainly to the CAP; besides the CAP, the forest sector must also be able to make use of specific resources under Horizon, LIFE+, Erasmus+ the Structural Funds and the Solidarity Fund.

8. Local and regional economies, green economy, employment

8.1. Forests have a key role to play in the development of Europe’s bioeconomy and biodiversity and that of its regions and in the transition to a low-carbon, green economy. Local and regional governments could contribute to, among other things, regional sustainable development plans, bioeconomy strategies, education, ecologically sustainable construction, carbon sequestration in long-life wood products, renewable energy deployment and the promotion of SME entrepreneurship in the forest sector. Where this is suitable, regional cooperation groups should be set up in the forest sector, which would include — in addition to forest enterprises, forest owners and regional and local governments — municipalities, regional authorities regional academies, universities and NGOs, as well as private businesses in sectors that use forest-based raw materials and products.

8.2. Many of Europe’s rural regions suffer from depopulation and job losses. A shift towards forest-based products, in construction and energy production for example, would generate employment and tax revenues for sparsely populated regions too. The same is true of the wider green economy, where forests are also an important asset for tourism, biodiversity, recreation and citizens’ wellbeing. As the EU’s third largest employer (with over 3.5 million jobs), the forestry sector has a significant effect on Europe’s social and territorial convergence. The Forest Strategy must also allow for the development of all forest-based ecosystem goods and services, in order to give a fresh start to and support the economy.

8.3. The expected increase in demand for wood and biomass must go hand-in-hand with sustainable forest management, which in public forests can be certified by the forest administration and in private forests by private certification mechanisms.

8.4. Different administrative levels should work together; good practices and results at regional level should influence how the EU and Member States allocate funding to promote innovation and technology in the forest sector, and to link up the different ways in which forests are used. This could also create workable and more accessible financial tools for regions in order to develop the forest sector. New, well-targeted measures are needed in the forest sector in order to achieve the objective of a carbon-neutral Europe by 2050. The tasks and powers of local and regional authorities vary between Member States, but everywhere a comprehensive and consistent strategic approach should be sought that brings together the common goals and needs of different levels with respect to matters including infrastructure, information systems and information sharing, as well as authorities’ tasks such as issuing permits and oversight. All Member States and sectors of the economy should contribute to achieving the CO₂ emission reduction targets balancing considerations of fairness and solidarity.

8.5. Considers that improved communication regarding the importance of the sustainable management of forest areas, together with the possibility of extending, implementing and coordinating information campaigns on the multifunctional nature of forests and the many economic, social and environmental benefits provided by forest management, is becoming a shared requirement at all institutional levels of the EU.
9. **Biodiversity, climate change, forest health**

9.1. The CoR underlines the crucial importance of promoting the proper management of forests and of integrating agricultural and forestry policies with hydrogeological and climate risk management policies.

9.2. The CoR takes note of the Commission’s observation that, in terms of biodiversity, the desired progress has not been achieved, despite major efforts to preserve different types of forests and habitats, including through the Natura 2000 network and the Birds and Habitats Directives. The Commission should provide a more detailed assessment of where results have been achieved, what instruments would be needed to achieve positive developments and whether the measures have been balanced in terms of the prevalence and rarity of forest habitats across the whole of the EU, with a special focus on regions where the greatest wealth of species is concentrated, as is the case in the outermost regions. Fund research on the wide-scale assessment of the state of forests and their ecosystem services especially in new Member States. This should all be done with a view to maintaining and consolidating environmentally valuable natural heritage, by developing existing ecological networks.

9.3. Forests have a key role to play in tackling climate change, through sequestration, storage and substitution of CO₂ emissions. Climate impacts must be made a cross-cutting theme of sustainable forestry, in which the possibilities of forests are considered in a comprehensive way: how fossil-based construction materials and fossil fuels and their related products can be replaced; how forest management affects carbon sequestration; and consequently how to encourage/compensate owners who practise sustainable forest management (SFM) compared to those who do not; what threats climate change poses to forests; how the potential for growing endemic tree species can be ensured and to what extent non-native tree species can be used in a compensatory way, etc.

9.4. The CoR calls on the European Commission to fully involve regions and local authorities in implementing the Effort Sharing Regulation (ESR) and the LULUCF regulation, setting emission reduction targets for 2030 and developing concrete initiatives to achieve them.

9.5. Climate change and loss of forest diversity may expose large areas of forests to fire, storm, disease and pest-related damage. Given such eventualities, administrative decisions must always weigh up the alternative risks of not acting. Preparations should be made for such eventualities by maintaining up-to-date legislation to support forest planning and prevent such damage, and through funding which could be earmarked for preventing damage, managing emergencies and devastated areas, promoting restoration and reforestation, and for offsetting the economic problems facing large disaster-stricken regions. In this regard there is a need to fund at regional level a hazard map of potential risks. Active forestry management can serve as a valuable early warning and preventive tool in improving the health of forests.

9.6. The natural capital and ecosystem services of forests to society should be better explained to society, and where possible the links between local communities and forests owned or not by these should be tightened.

9.7. Underlines the primary importance of bottom-up actions in the field of disaster risk management, as well as EU instruments to complement them if a disaster surpasses the capabilities of a Member State. The list of EU instruments that are particularly helpful when it comes to dealing with storms and wildfires includes the Union Civil Protection Mechanism, the EU Solidarity Fund and pilot projects financed by the European Commission aiming at removing administrative and legal obstacles to disaster risk management in cross-border areas;

9.8. An EU Action Plan on deforestation and forest degradation is urgently needed, in line with the request made by the European Parliament and key stakeholders, in order to further assess the environmental impact of the consumption of products and raw materials in the EU likely to contribute to deforestation and forest degradation outside the EU. Hence, the CoR asks the new European Commission to include this request amongst its political priorities.

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10. **International and interregional cooperation in the forest sector**

10.1. It is important for the EU to continue its work to ensure that there is cooperation and a basis for agreement — both across Europe and around the world — on the forest sector and the trade in forest products, and to consolidate the principles of sustainable forestry in its neighbourhood, its economic external relations and its development policy. Forest Europe, forest certifications, the UN’s strategic forest plan for 2030, and global objectives on forests are examples of possible areas of influence.

10.2. Many of the important forest areas in the EU are confined to its external borders, whereas forest types, the forest-based economy and threats to forests often go beyond these borders. It is important for regional and local authorities in border regions to be able to make more effective use of the EU’s external relations programmes in the forest sector.

10.3. Representatives of regional and local authorities must be kept closely involved in preparing, implementing and monitoring EU international commitments in the forest sector, and permanent procedures must be put in place in order to meet this objective in practice.

10.4. It would be crucial to foster national and regional cooperation in the EU to facilitate the exchange of skills and bolster competitiveness of the regions. Strengthened networks would also hasten readiness to provide support as it comes to tackling of natural disturbances such as forest fires, storms, droughts and floods.

11. **Education and communication**

11.1. There is a need to promote social demand, as this would justify and uphold the active role played by forests regarding the climate and economic challenges we face.

11.2. This can only be achieved by an unprecedented communication and education effort on the role of the forest sector in mitigating climate change and in the transition to a bioeconomy based on natural resources, by means of campaigns not only at national and international level, but also at local and regional level, as this is closest to citizens.

11.3. Communication and education measures should be aimed primarily at overcoming two existing cognitive barriers: transforming the negative perception of the exploitation of wood into recognition of forestry as a science-based sustainable management system, and reconciling the opposition between conservation and management by applying the concept of sustainable forest management which can make them compatible.

11.4. Forestry professionals with knowledge of both forestry and sustainable forest management must form part of the communication and education teams.

Brussels, 11 April 2019.

*The President*

*of the European Committee of the Regions*

Karl-Heinz LAMBERTZ