

Opinion of the Committee of the Regions on 'The importance of public credit institutions for the balanced development of Europe's regions, cities and localities'

(2001/C 148/04)

THE COMMITTEE OF THE REGIONS,

having regard to the report of the European Commission to the Council of Ministers on services of general economic interest in the banking sector (adopted on 17 June 1998);

having regard to Articles 2, 5, 16, 86, 87, 158 and 295 of the Treaty establishing the European Community, version of 2 October 1997;

having regard to Protocol (No. 19) on economic and social cohesion and Protocol (No. 21) on the application of the principles of subsidiarity and proportionality;

having regard to the Declaration adopted by the 1997 Amsterdam Intergovernmental Conference on public credit institutions in Germany (No. 37) and the Declaration by Austria and Luxembourg on credit institutions (No. 1) noted by the 1997 Amsterdam IGC;

having regard to the Communication of the European Commission on services of general interest in Europe (COM(2000) 580 final);

having regard to the Consumers Committee position paper on the Universal Service concept in the services of general interest (adopted on 6 December 1999);

having regard to its opinion on 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, of 13 and 14 May 1998, CdR 46/98 fin⁽¹⁾;

having regard to its opinion on Report of the Business Environment Simplification Task Force (BEST) and the Commission Communication 'Promoting Entrepreneurship and Competitiveness' — The Commission's Response to the BEST Task Force Report, of 2 and 3 June 1999, CdR 387/99 fin⁽²⁾;

having regard to its opinion on the Communication from the Commission to the Council, the EP, the ESC and the COR entitled 'The competitiveness of European enterprises in the face of globalisation — How it can be encouraged', of 17 and 18 November 1999, CdR 134/99 fin⁽³⁾;

having regard to its opinion on the Proposal for Guidelines for Member States' Employment Policies 2000, of 17 and 18 November 1999, CdR 360/99 fin⁽⁴⁾;

having regard to its opinion entitled 'Developing a genuine culture of subsidiarity. An appeal by the Committee of the Regions' of 10 and 11 March 1999, CdR 302/98 fin⁽⁵⁾;

having regard to the decision taken by its Bureau on 11 April 2000, under the fifth paragraph of Article 265 of the Treaty establishing the European Community, to draw up an opinion on this matter and to instruct Commission 1 (Regional Policy, Structural Funds, Economic and Social Cohesion, Cross-Border and Inter-Regional Cooperation) to undertake the preparatory work in cooperation with Commission 6 (Employment, Economic Policy, Single Market, Industry and SMEs);

⁽¹⁾ OJ C 25, 10.8.1998, p. 41.

⁽²⁾ OJ C 293, 13.10.1999, p. 48.

⁽³⁾ OJ C 57, 29.2.2000, p. 23.

⁽⁴⁾ OJ C 57, 29.2.2000, p. 17.

⁽⁵⁾ OJ C 198, 14.7.1999, p. 73.

having regard to the draft supplementary opinion adopted by Commission 6 on 30 June 2000 (CdR 53/2000 rev. 1), rapporteur: Mrs Coleman (UK/ELDR);

having regard to the draft opinion adopted by Commission 1 on 14 September 2000 (CdR 180/2000 rev. 1), rapporteur: Mr Mernizka (D/PSE);

whereas in the face of globalisation, the regions and local authorities have an increasingly important role to play in location, growth and employment policy;

whereas in accordance with the subsidiarity principle [Article 5(2)], maintaining diversity in Europe is an important objective of all Community policies;

whereas decentralised structures breathe life into the idea of a Europe of the regions;

whereas services of general economic interest are essential for the economy and society, occupying an important position within the European Union according to Article 16 and playing an important role in promoting social and territorial cohesion;

whereas the Member States have sole responsibility for designating services of general economic interest as being part of the Universal Service concept;

whereas in view of the European Union's general development goals, it is also vital to use all reasonable means to strengthen economic and social cohesion (Article 2, EC Treaty) and to support disadvantaged and rural areas (Article 158, EC Treaty), thereby contributing to the positive development of all regions in the Community;

whereas in this connection it is of primary importance to put in place and improve infrastructure;

whereas financial services (especially universal access to banking) are increasingly crucial in enabling consumers to participate in economic life;

whereas Universal Service provision is in the general interest and access to such high-quality basic services must be guaranteed for all sections of the population;

whereas provision of such services is not in all cases guaranteed through market forces alone;

whereas national measures are required to safeguard the provision of services of general interest and to prevent the social and economic exclusion of certain social groups, particularly the most vulnerable;

whereas consumer protection has to be one of the guiding principles of Community action in order to bring about a citizens' Europe;

whereas provision of financial services at regional and local level is vital for all sections of the population, especially for municipal and regional authorities and SMEs, and must continue to be guaranteed in future;

whereas plurality and effective competition in the banking market — the coexistence of public credit institutions, cooperative and private banks — are the guarantees of a consumer-friendly and stable financial system;

whereas the primary business objective of public credit institutions is not to maximise profits but to fulfil a public-interest mandate;

whereas public credit institutions provide support to regional and local authorities in the process of structural change and by actively promoting the location;

whereas public credit institutions in particular are responsible for providing financial services in Europe's remote and outermost areas and regions;

whereas public enterprises and enterprises which have been granted special or exclusive rights under Article 86(1) of the EC Treaty, or which have a mandate to provide services of general economic interest under Article 86(2) of the EC Treaty, make a major contribution to promoting social cohesion and balanced development of the regions in Europe,

adopted the following opinion at its 37th plenary session on 14 and 15 February 2001 (meeting of 14 February).

The Committee of the Regions

1. emphasises that prosperous regions enjoying equal opportunities are of crucial importance for increased growth, employment and social justice within the European Community,

2. points out that a stable and effective banking system is essential for the balanced and healthy development of regions, cities and localities,

3. notes that, above all, the comprehensive, nationwide provision of high-quality financial products and services on favourable terms to all sections of the population is indispensable in terms of both consumer protection and the general economic interest,

4. draws attention to the principle of market transparency and to the right to accurate, effective and sufficient information for consumers regarding the conditions of transactions and the characteristics of financial goods and services,

5. highlights the fact that the provision of financial services is crucial for citizens to participate in economic life and therefore the Member States must ensure as part of universal economic service legislation that access to these banking services is guaranteed for all sections of the population throughout the country and on agreed terms, in line with the proposals of the Consumers Committee (the principle of equal access),

6. recognises that a mainly profit-orientated banking system may result in low-income groups and regions, cities and localities as well as SMEs, particularly those in structurally weak areas, having insufficient access to financial services,

7. advocates public action to improve the conditions under which small and medium-sized enterprises access funding from banks and other financial entities and to compensate for the fact that they are penalised when they try to access such funding under market conditions,

8. feels that such trends are incompatible with the public interest objectives and the precept of balanced development enshrined in the EC Treaty,

9. calls on the Commission to draw up a detailed report on the situation regarding financial services at regional and local level in the EU Member States and candidate countries focusing on local and regional authorities, SMEs and consumers and the implications and opportunities arising from new financial facilities,

10. emphasises that, particularly in outlying, outermost or sparsely populated areas, poorer regions and urban districts and structurally weak areas, adequate provision of financial services can only be ensured by means of public support or special initiatives,

11. takes the view that the EC Treaty must continue to allow scope for public measures needed to ensure nationwide provision of financial services in the event of market difficulties,
12. believes that public intervention to address such trends should not consist in heavy regulation of the private banking sector,
13. stresses that there must be healthy competition within the European internal market to the benefit of the general public and that political measures must be taken to boost consumer confidence,
14. therefore advocates diversity and plurality in Europe as a means of countering negative trends in the banking market,
15. welcomes plurality with regard to company status, by virtue of which private and public credit institutions with differing legal status and different objectives co-exist and compete on equal terms, as this ensures healthy competition in the provision of financial services. The COR also underlines the need to strengthen consumer confidence if these companies are to succeed,
16. emphasises that public aids must continue to be the exception rather than the rule and may never drive out healthy competition that is to the advantage of citizens. The COR therefore supports the Commission in its efforts to roll back state aids as explained in the 29th report on state aids. It does, however, recognise that the Commission must adopt a flexible attitude to aids which are justifiable from an economic and/or social point of view,
17. underlines that state aid may be granted to ensure the provision of universal services, but it should not indirectly benefit other commercial activities,
18. notes that, in several countries of Europe, there are public credit institutions which have been given a mandate by the state to take on important general economic-interest tasks in order to support and promote small businesses, consumers and the regions, cities and localities of Europe,
19. stresses that it must be possible to meet public responsibilities for the provision of services of general economic interest by means of credit institutions with specific remits, particularly those which are public,
20. notes that public credit institutions make an important contribution towards ensuring the provision of financial services in all regions for local and regional authorities and all sections of the population,
21. recognises that, by virtue of their public-interest remit and regional roots, public credit institutions make an important contribution to the balanced development of the regions, to the promotion of SMEs and important social areas and to improving citizens' quality of life,
22. appreciates the work of such institutions as they fulfil important functions in terms of consumer protection and regional development, thereby helping to win greater acceptance for European integration as a whole.

Brussels, 14 February 2001.

The President
of the Committee of the Regions
Jos CHABERT
