P7_TA(2013)0401

Budgetary constraints for regional and local authorities regarding the EU's Structural Funds

European Parliament resolution of 8 October 2013 on effects of budgetary constraints for regional and local authorities regarding the EU's Structural Funds expenditure in the Member States (2013/2042(INI))

(2016/C 181/05)

The European Parliament,

— having regard to the conclusions of the European Council of 28/29 June 2012 ([1]),

— having regard to the conclusions of the European Council of 14/15 March 2013 ([2]),

— having regard to the current interinstitutional negotiations on the future Cohesion Policy and the Multiannual Financial Framework,

— having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999,

— having regard to its resolution of 20 November 2012 with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup 'Towards a genuine Economic and Monetary Union' ([3]),

— having regard to its resolution of 23 June 2011 on the European Urban Agenda and its Future in Cohesion Policy ([4]),

— having regard to its position of 12 March 2013 on the proposal for a regulation of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area ([5]),

— having regard to its position of 12 March 2013 on the proposal for a regulation of the European Parliament and of the Council on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area ([6]),

— having regard to its resolution of 11 March 2009 on Cohesion Policy: investing in the real economy ([7]),

— having regard to its resolution of 13 March 2013 on the European Council conclusions of 7/8 February 2013 concerning the Multiannual Financial Framework ([8]),

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([1]) http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/131388.pdf.
([2]) http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/136151.pdf.
([3]) Texts adopted, P7_TA(2012)0430.
([4]) OJ C 390 E, 18.12.2012, p. 10.
([5]) Texts adopted, P7_TA(2013)0070.
([6]) Texts adopted, P7_TA(2013)0069.
([7]) OJ C 87 E, 1.4.2010, p. 113.
([8]) Texts adopted, P7_TA(2013)0078.

— having regard to the draft opinion of the Committee of the Regions of 6 March 2013 on 'Synergies between private investment and public funding at local and regional levels — partnerships for economic growth and prosperity',

— having regard to the opinion of the Committee of the Regions of 1 February 2013 on 'Creating greater synergies between EU, national and subnational budgets',

— having regard to the memo of the Committee of the Regions of 2012 on 'Impact of budgetary austerity on local finances and investment',

— having regard to the note of the European Investment Bank of 14 December 2012 on 'The impact of the recession in 2008-2009 on EU regional convergence' ([1]),

— having regard to the Occasional Papers of the Commission of December 2012 on 'The Quality of Public Expenditures in the EU' ([2]),

— having regard to the IMF's October 2012 World Economic Outlook,

— having regard to Rule 48 of its Rules of Procedure,

— having regard to the report of the Committee on Regional Development and the opinions of the Committee on Budgets and the Committee on Employment and Social Affairs (A7-0269/2013),

A. whereas the worldwide economic and financial crisis impaired social, economic and territorial cohesion in the EU, causing higher unemployment, lower GDP and increasing regional disparities and budgetary deficits at national, regional and local level;

B. whereas the timing and severity of the crisis has varied to a great extent throughout the EU's regions, emphasising pre-existing structural weaknesses and bringing a serious decline in GDP growth, record unemployment rates, major impoverishment of the most vulnerable in society and a deteriorated business climate and lowered consumer confidence;

C. whereas banks and financial markets have become increasingly reluctant to lend, as the perceived creditworthiness of sovereign and sub-national governments has deteriorated;

D. whereas the fiscal compact has been shown to be inappropriate in facing the challenges of the crisis and a growth compact enabling significant investment across the Community is envisaged as the most viable solution, as there is a consensus today that fiscal austerity and budgetary cuts without investments do not revitalise the economy and will not create favourable conditions for job creation and economic growth;

E. whereas the European Structural and Investment Funds are intended to promote the economic, social and territorial cohesion across the EU, reducing regional disparities, promoting convergence and stimulating development, employment and social progress through productive investment;

F. whereas the European Structural and Investment Funds are equally expenditures earmarked for supporting smart, inclusive and sustainable growth and competitiveness and thus positively impact on the denominator of the deficit-to-GDP ratio;

G. whereas the EU-wide collapse in public finance triggered by the sovereign debt crisis caused austerity policies to become widespread; whereas their effects on local finances have been devastating, causing several budget lines to be reduced or moderated and heavily jeopardising the financing/co-financing capacities for productive investment of national, regional and local authorities;

([1]) http://www.eib.org/infocentre/publications/all/econ-note-2012-regional-convergence.htm.
([2]) http://ec.europa.eu/economy_finance/publications/occasional_paper/2012/pdf/ocp125_en.pdf.

H. whereas only a few states continued to support local investment, while the others, faced with the sovereign debt crisis, decided to freeze or cut financial support for investment to local authorities, with a strong tendency to centralise or introduce internal stability pact rules that have strongly reduced investment;

I. whereas major budget cuts in important fields and sectors are one of the biggest problems facing local and regional authorities in the current period;

J. whereas sub-national governments are key regional development actors: they represent 60 % of public investment and 38 % of consolidated government spending on 'economic affairs', thus including most expenditure which can influence regional development, such as that on commercial and labour affairs, agriculture, transport or R&D;

K. whereas in the EU, investment has acted as an adjustment variable in two out of three countries, partly owing to efforts made in 2009 to combat the crises; whereas direct investment dropped in 2011 compared to 2010 in 17 Member States, in ten of which by more than 10 % in 2011 (Austria, Latvia, the Czech Republic, Slovakia, Bulgaria, Portugal, Greece, Hungary and Spain); whereas the drop in investment which began in 2010 (investment grants by central governments plunged by - 8,7 %) is continuing and seems to be entering a negative spiral;

L. whereas the level of indebtedness of sub-national governments is well below the level of indebtedness of national actors;

M. whereas sub-national authorities are required to participate in the consolidation effort and reduce their deficits and debt while borrowing conditions have deteriorated for the financially weaker sub-national governments;

N. whereas public investment is key to social inclusion and investment needs are substantial in many crucial sectors in the EU's economy, such as the labour market, infrastructure, research and innovation, SMEs;

O. whereas, after a period of increasing convergence in the EU between 2000 and 2007, convergence slowed down substantially during the recession; whereas the regions most affected were those with unsustainable and speculative investments and those with strong export manufacturing sectors;

P. whereas the EU Structural Fund uptake arrangements are such that the Commission can reimburse interim payments only on the basis of declarations of expenditure paid out in Member States;

Q. whereas national public co-financing under the Structural Funds in EU-27 for the 2007-2013 programming period amounts to approximately EUR 132 billion, and whereas that figure constitutes a sine qua non for proper take-up of the Funds and for investment of a high quality serving to strengthen ownership and accountability in the use of EU funding;

R. whereas public co-financing of the programmes supported by Cohesion Policy can be jeopardised by lack of flexibility in the application of the Stability and Growth Pact (SGP), with the result that Cohesion Policy cannot be brought to bear to such useful effect to improve competitiveness and overcome the current crisis;

General observations

1. Notes with great concern the clear pattern of rising regional inequality in the EU today, with many relatively poor regions in the New Member States and Southern Europe and a majority of rich regions in Central and Northern Europe, and even within Member States and regions; underlines, in this context, the prime importance of EU's Cohesion Policy as the main tool for investment aimed at convergence and sustainable development in the EU;

2. Stresses that the local economy is a key recovery factor for communities, and that this is important in the current crisis situation; highlights, in this context, the economic and social effects of the social economy in improving social cohesion at local level; calls on the Member States to provide funding opportunities for the social economy through the Structural Funds for the 2014-2020 period;

3. Reiterates the importance of Cohesion Policy as the Union's main investment instrument, playing a central role in fighting the crisis, reducing imbalances and engaging the EU and its regions on a path of sustainable growth; underlines the special role of the European Social Fund (ESF) in supporting social investment and implementing the Europe 2020 strategy, in particular by contributing to high levels of sustainable employment and productivity and, at the same time, effectively combating poverty and social exclusion as well as increasing social cohesion; hence underlines the importance of securing sufficient budgetary provisions in the context of the MFF negotiations to the Structural and Investment Funds, noting in particular their key share of investment in areas such as employment, innovation, sustainable development, the low-carbon economy and support to SMEs;

4. Points out that Cohesion Policy proved resilient to the crisis, adapting its programmes and funding instruments and thus providing greater flexibility and making a crucial contribution in areas where investment is needed for economic modernisation and improved competitiveness and for reducing geographical disparities;

Financing capacity of the EU's regions and synergies between regional, national and EU level

5. Highlights the role played by several sub-national authorities in rebalancing the budget by keeping up the level of public investment and co-financing new projects and providing a leverage effect, especially when private investment is low; underlines the fact that at a time of recession and weak growth, sustainable public procurement and the capacity to finance/co-finance and incur commitments for investment are crucial in order to maintain growth potential;

6. Is concerned that the prolonged austerity measures and the strict economic governance carried out in 2011 and 2012, implying increased pressure and cuts on public budgets, risks reducing the scope for local policies targeted at fulfilling Europe 2020;

7. Stresses the need to restore and improve financial capacity, at sub-national level and to provide adequate technical assistance, especially in implementing locally led complex joint projects in order to secure public investment for programmes and projects aimed at boosting sustainable growth, combating social exclusion and restoring the social fabric, providing adequate health and social services and securing jobs, especially at regional and local level; maintains that the specific additional allocation for the outermost regions should not be subject to thematic concentration and be used to offset the additional costs linked to the characteristics and constraints referred to in Article 349 of the TFEU, that are incurred in the outermost regions; notes, furthermore, that the specific additional allocation may also be used to help finance operating aid and expenditure covering public service obligations and contracts in the outermost regions;

8. Stresses the need to further strengthen the administrative capacity of regional and local authorities, and for further efforts to reduce the red tape which also adversely affects these authorities in their role as beneficiaries and restricts their capacity to implement EU-funded projects;

9. Asks the institutions to improve the existing provisions so that regions in certain Member States that are particularly hard-hit by the financial crisis may further improve their capacity to absorb structural and cohesion funds and prevent the anticipated huge decommitments;

10. Calls for further simplification of the rules and for increased flexibility and transparency in the programming and management of the Structural Funds, which will allow better project implementation and quicker and more appropriate responses to social challenges and threats;

11. Welcomes the Commission's 2012 Report on Public Finances in the EMU and especially the chapter on Fiscal Decentralisation in the EU, which highlights the soundness of a fiscal federalist model that devolves revenue-raising as well as expenditure responsibilities to sub-state authorities; asks the Commission to include such a chapter on the state of sub-state public finances and reforms in next year's report on Public Finances in the EMU;

12. Highlights the need for greater synergies between national, sub-national, and European public spending budgets through clear establishment of the roles and responsibilities of the different budgetary authorities at EU, Member State and sub-State level, including being clear about the role and rationale for EU policy and funding intervention, keeping to the payment periods fixed in the Late Payment Directive 2011/7/EU, respecting subsidiarity and the budgetary rights of local and regional authorities (their role in decision making and scrutiny), i.e. their democratic accountability to the communities that elect them, and ensuring the autonomy of each level of governance in determining priorities and spending; asks the Commission to provide clear factual data on how the role of the EU budget in leveraging investments at different levels could be enhanced;

13. Strongly supports increased transparency and simplification of budgetary processes at all levels of governance (including identifying sources of EU funding explicitly within national and sub-state budgets), as well as ensuring the availability of data at EU level on the spending profiles of EU funding programmes at regional level (where this is possible) but also clarifying how priorities and funding are aligned at EU, Member State and sub-state level towards agreed EU-level priorities;

14. Stresses the importance of adapting to ongoing budgetary constraints across Europe, while continuing to invest in the future; reminds Member States that the challenge is not to spend more but to spend more efficiently;

15. Welcomes the fact that the application of financial instruments is being extended under the Cohesion Policy to all thematic objectives and all European Structural and Investment Funds; asks the Commission to come up with a thorough analysis and assessment of the potential of the new means and sources of financing to support investment for growth, such as the bond market, the risk-sharing instrument and the use of innovative financial instruments; calls on the Commission and the European Investment Bank (EIB) to come up with innovative ways to finance the long-term investments of local and regional authorities including through attracting private capital; emphasises the key role played by EIB loan schemes in financing projects of European interest, and calls for greater coordination and synergy to be established between such schemes and the Structural Funds;

16. Underlines the significance of Jessica in supporting sustainable urban development and the regeneration of urban areas through financial engineering mechanisms, and calls for its wider use in the future programming period;

Economic governance of the EU and investment for growth and jobs

17. Stresses the role that local and regional authorities could play in achieving the Europe 2020 objectives of smart, sustainable and inclusive growth; reiterates the importance of the partnership between central authorities and regional and local authorities in setting priorities and providing the necessary co-financing for the implementation of programmes as a prerequisite for achieving maximum effect with limited resources in seeking to achieve these objectives; highlights, in this context, the importance of the new instrument for community-led local development, which would allow action groups at local level to develop and implement local strategies for smart, sustainable and inclusive growth; calls on the Member States to provide for such opportunities as part of the ongoing programming process, so as to make use of local action groups' great potential for innovation; emphasises the importance of local and regional authorities and, where applicable, the social partners and other relevant partners in the programming, implementation, monitoring and evaluation of the Structural Funds and the preparation of the partnership agreements, which could result in better linkages between EU, national, regional and local strategies;

Tuesday, October 8, 2013

18. Expresses the belief that thematic concentration on a small number of priorities is necessary; stresses, however, that flexibility is required to allow Member States and regions to respond as effectively as possible to common targets, while also respecting territorial, economic and social specificities,

19. Strongly reiterates its opposition to the introduction of macroeconomic conditionality in the Cohesion Policy 2014-2020, which would penalise regions and social groups already weakened by the crisis, with a suspension of payments possibly having disproportionate effects in several Member States and especially in regions, despite their full participation in the efforts to equilibrate public budgets, and which would only serve to weaken states in financial difficulty and undermine solidarity efforts that are essential to preserving a macroeconomic balance within the Union; takes the view, moreover, that a punitive approach of this kind might not be understood by the public at large and could add to public distrust at a time when people are already being hit hard by the crisis and the effects of austerity policies;

20. Believes that in a period of retrenchment in public financing, there has to be a rethink regarding the principle of additionality, which should be implemented in line with the European economic governance framework, and hopes that this point will be discussed in the negotiations on Cohesion Policy after 2013;

21. Notes the IMF's recent comments that austerity weakens countries in which it is applied unthinkingly, the reason being that when the global economic outlook is poor, precipitate government deficit reduction hampers recovery in the short term by lowering tax receipts and hence further exacerbating the deficit; agrees with the IMF that the emphasis, instead of being confined to fiscal consolidation, should be broadened with a view to balancing consolidation with growth;

22. Welcomes the proposal from some Member States that the MFF negotiations should cover the subject of a 'review clause' for the years 2015 and 2016, whereby budgets could be increased while they were being implemented, in order to promote youth employment, SMEs, and other key sectors;

23. Invites the Commission and the Member States to exploit all margins of flexibility existing within the preventive arm of the Stability and Growth Pact (SGP) to balance productive and sustainable public investment needs with fiscal discipline objectives; considers that this could be done, for example, by excluding the aggregate volumes of national co-financing under the European Structural and Investment Funds from the limits imposed by the Stability and Growth Pact, by basing calculations for the purposes of the Pact on a Member State's net cash requirements, as opposed to gross requirements, that is to say, net of the taxes payable on real expenditure (most importantly VAT), or by phasing the two sources of programme financing (European and national) according to different timetables, so that the funding would be wholly European during the first years of a programme and come entirely from national sources during the final years, on the assumption that the individual Member State concerned would, by that point, have managed to achieve tangible results in terms of the policy of containing the debt-to-GDP ratio;

24. Calls on the Commission to ensure that public expenditure incurred by Member States to co-finance programmes supported by the Structural Funds is not included in the public or equivalent structural expenditure taken into account under partnership agreements for the purpose of ascertaining that the Stability and Growth Pact is being complied with, given that the latter expenditure constitutes an obligation deriving directly from the observance of additionality; calls, therefore, for public expenditure related to the implementation of programmes co-financed by the European Structural and Investment Funds to be completely excluded from the definition of SGP structural deficits because this is expenditure devoted to achieving the goals of Europe 2020 and supporting competitiveness, growth and job creation, especially where youth employment is concerned;

25. Invites the Commission to report on the scope for possible action within the boundaries of the existing EU fiscal framework in order to address further the issue of separating current spending and investment in the budget deficit calculations so as to avoid public investments with long-term net benefits being calculated as negative;

26. Urges the Commission and the Member States to take into consideration in the context of the current negotiations on the future Economic and Monetary Union, all margins of flexibility in the macro-economic governance framework in order to allow for productive investment, in particular by rethinking the relationship between the Stability and Growth Pact and productive public investment and excluding public expenditure related to the implementation of programmes co-financed by the Structural and Investment Funds in the framework of growth-friendly policies from the budgetary surveillance rules under the Stability and Growth Pact;

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27. Instructs its President to forward this resolution to the Council and the Commission.

P7_TA(2013)0402

Comprehensive EU fishery strategy in the Pacific region

European Parliament resolution of 8 October 2013 For a comprehensive EU fishery strategy in the Pacific Region (2012/2235(INI))

(2016/C 181/06)

The European Parliament,

— having regard to the Treaty on the Functioning of the European Union (TFEU),

— having regard to the United Nations Convention on the Law of the Sea of 10 December 1982,

— having regard to the resolutions of the UN General Assembly on fisheries, and in particular to paragraph 157 of Resolution 66/68 regarding the obligations of developed states towards least developed states and small island developing states,

— having regard to the 1995 Agreement for the Implementation of the Provisions of the UN Convention on the Law of the Sea of 10 December 1982 relating to the conservation and management of straddling fish stocks and highly migratory fish stocks,

— having regard to the FAO International Plan of Action for the Management of Fishing Capacity, endorsed by the FAO Council in November 2000 (IPOA-Capacity),

— having regard to Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing (IUU fishing) ([1]),

— having regard to the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing approved by the FAO Conference at its Thirty-sixth Session on 22 November 2009,

([1]) OJ L 286, 29.10.2008, p. 1.